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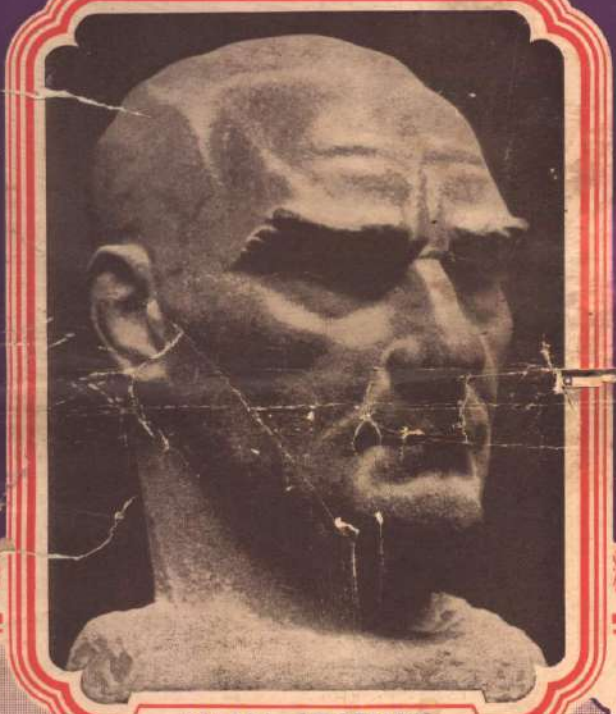

KEMAL ATATURK
FROM THE THORAK BUST

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REPUBLIC OF TURKEY SUPPLEMENT.

Edited by R. J. BARRETT.

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SPECIAL MESSAGE FROM
RT. HON. SIR PERCY LORAINE, Bt., K.C.M.G.,

British Ambassador Extraordinary and Plenipotentiary in Ankara.

I HEARTILY congratulate THE FINANCIAL TIMES on the production of this special number. which gives an impressive record of the progress made in all spheres of activity by the Turkish Government.

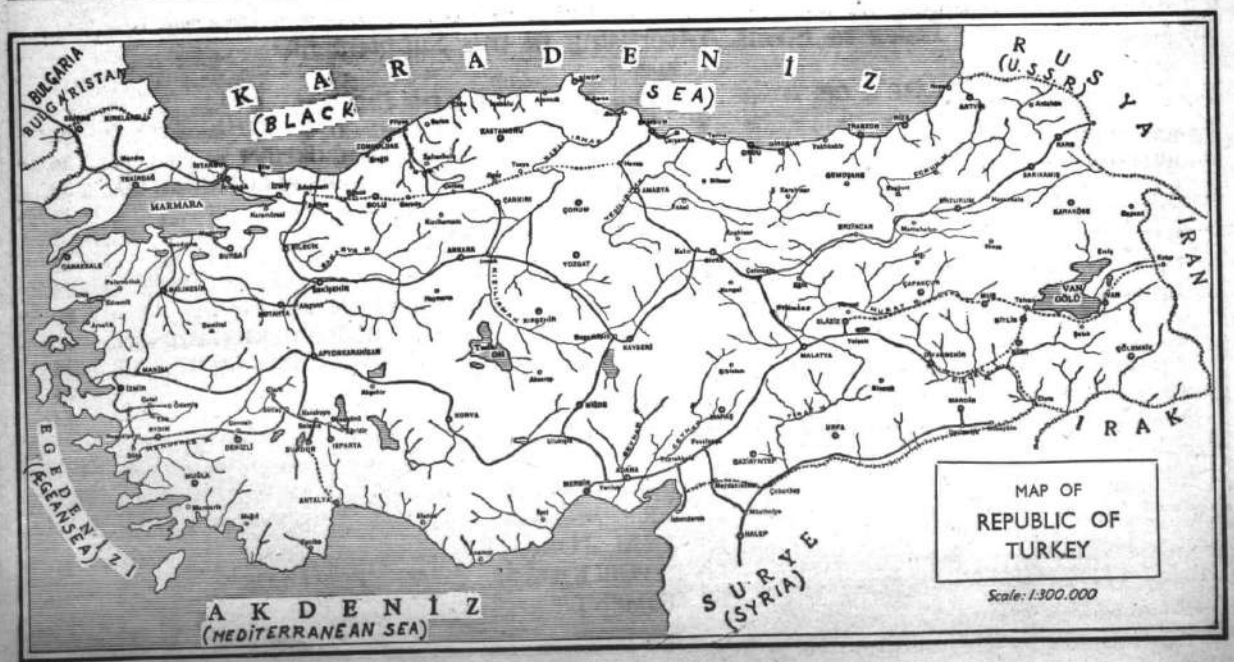
The special number appears at an auspicious moment, following, as it does, upon the recent visits of courtesy exchanged by different official representatives of the two countries; visits which have powerfully contributed to the consolidation and extension of the friendship between the United Kingdom and Turkey and have led to each country taking an increased interest in the other.

A special number such as that on Turkey will be, I feel confident, of great utility not only to persons already interested in Turkey but to those to whom hitherto concise and accurate knowledge of conditions in this country have not been easily accessible.

I wish all success to THE FINANCIAL TIMES, and I take this opportunity of recording my appreciation of the initiative taken in producing this interesting and instructive number.

Percy Loraine

H.E. RT. HON. SIR PERCY LORAINE, Bt. K.C.M.G., BRITISH AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY IN ANKARA.



SPECIAL MESSAGE FROM H.E. ALI FETHI OKYAR,

Turkish Ambassador in London.

I FEEL deeply gratified at the initiative taken by a leading economic paper like THE FINANCIAL TIMES in devoting a special number to Turkey.

The recent Anglo-Turkish Trade Agreement is bound to further the commercial relations between the two countries and cannot fail to achieve a notable improvement on the existing situation.

Let us not forget that before the war Great Britain headed the list of Turkey's foreign trade. Raw materials such as cotton, wool, tobacco, etc., as well as natural and pharmaceutical products and foodstuffs were exported from Turkey to England in considerable quantities.

In return, Turkey imported British manufactured articles, textiles, machinery and shipping craft.

Since the war, Anglo-Turkish trade has never recovered. England has fallen from the first to the third place on Turkey's foreign trade list, and this has resulted, of course, in a corresponding decrease in Turkey's exports to England.

COUNTRIES' ECONOMIC RELATIONS.

Conditions For Active Revival.

But to-day, conditions for an active revival of the economic relations between the two countries appear more favourable than ever before.

The industrial expansion and general industrial development now manifest in England coincide with the economic recovery of Turkey and the resulting increase in her capacity for trade.

True, there is in Turkey a movement for home production of the most essential goods she requires, but British economic circles need not view this unfavourably, as full industrial self-sufficiency is neither possible nor even desirable for Turkey, and is certainly not being aimed at.

This movement for the industrialisation of Turkey has already yielded satisfactory results. It will go on augmenting her productive capacity and, consequently, her purchasing power.

The surplus of the latter naturally will be devoted to large purchases from the British market. All the more so as British goods enjoy in Turkey an age-old reputation for lasting quality and fineness.

The only difficulty in the way of Turco-British trade is the exchange problem. Now this is, to put it in its simplest terms, nothing but the present impossibility of importing into England a sufficient amount of Turkish goods.

It is to be hoped that the above-mentioned recent trade agreement will make it possible to export more Turkish goods to Britain, thus enabling Turkey to purchase more from her.

H.E. ALI FETHI OKYAR.
TURKISH AMBASSADOR IN LONDON.

ANGLO-TURKISH FRIENDSHIP.

Mutual Beneficial Results.

As Turkish Ambassador in London and the most ardent exponent of Anglo-Turkish friendship, it is natural that I should heartily appreciate any manifestation of good will likely to strengthen that friendship.

I therefore welcome as particularly praiseworthy this initiative of THE FINANCIAL TIMES which tends to root in economic ground an already existing political friendship. I am confident that this venture will acquaint the wide British public with the economic potentialities of New Turkey, with results beneficial to both countries.

But I also sincerely hope that this description of Economic Turkey may arouse in large sections of the British public the wish to visit my country and see for themselves her natural and artistic beauties, thus leading to the creation of intellectual and sentimental links destined to supplement and reinforce the ties of economic intercourse.

Fethi Okyar

NEW TURKEY'S EVOLUTION UNDER THE KEMALIST REGIME—I.

HOW ATATURK HAS TRANSFORMED HIS COUNTRY POLITICALLY, ECONOMICALLY AND SOCIALLY.

By OTTO M. SMILOVICI, "The Financial Times" Special Correspondent.

MUCH has been written about the New Turkey. Whether it was in order to praise or to criticise, none of the authors could fail but to throw into relief the outstanding figure of Ataturk "the ruler."

Before, during and after the Great War, we find Ghazi Mustapha Kemal. Now Kemal Ataturk, who emerges, asserts himself and, finally, establishes himself as one phase of Turkey's evolution merges into another.

An accomplished soldier, a courageous general, an ever-victorious strategist, and, finally, champion of that independence which was his crowning glory in 1923, when a new State, entirely of his making, was proclaimed.

From General to Chief of State he passed through all the stages of a conquerer's career, imbued throughout with a single conviction: "his confidence in his valiant people"; with a single article of faith: "Turkey for the Turks"; and with a single aim: "to achieve the independence of his country."

Years of dogged determination, fierce struggles and enlightened confidence in the justice of his cause, brought in their train the accomplishment of that independence more completely even than he had dreamed.

NEW TURKEY'S CREATOR.

Head of State.

More years of struggle, of grandiose conceptions, unremitting toil and immeasurable sacrifices, and he has created a new nation to which he has given a new State. It is the Republic of Turkey of to-day: "New Turkey."

Kemal Ataturk is the Head of the State, and its Prime Minister is the man who, each time a new stone was laid for the reconstruction of this new State, was at Ataturk's side, his intimate collaborator. He is the general who won the battle of Inönü: Ismet Inönü, the doyen of European Prime Ministers, who has been 13 years in office.

Here is a strong and stable Government, inspired by Kemal Ataturk, and behind it the whole nation; an external policy of peace combined with prestige, endeavouring to live on the best terms with all the nations and faithful to established alliances and friendships; and, within its borders, sane and constructive ideas, based chiefly on the improvement of the cultural standing of the nation, as the keystone of the reconstruction of the country in all domains.

The Turk, who was noted for his careless laissez-faire, his legendary laziness, his complete ignorance in all branches of knowledge, in short, his excessive orientalism, has become in a few years, under the strong impetus of Ataturk's personality and the guidance of Ismet Inönü's Government, a constituent forming a factor as important as any of the Western nations.

IN A SHORT PERIOD.

Immense Works.

It is impossible to recount all that has been done in this country in every sphere in so short a period of years. To realise it to some degree one must have spent some time there. It is amazing what colossal works have been undertaken with the limited financial means available; amazing is the method which is the basis of each of the schemes that have been planned. And it will certainly astonish the world to see, in the space of a very few years, to what a high level the conceptions of modern life, applied with method and good sense to the reconstruction of a State, can raise the standard of life of a people, the productive output of a country and the self-sufficiency of a nation.

For it is a marvellous experiment in nationalist democracy, in the best sense, a new formula now fully successful, which is the dogma Ataturk prescribed for Turkey, by what is known as "the Kemalist régime."

He knew his army and his people: the physical effort of which they were capable: how, at the word of command, they could take an enemy position, but here there was nothing to take, for it was a case of conquering themselves. There was no foreign enemy to be overcome: the enemy was themselves, and this they had to be taught to discover, and, above all, to understand. First of all they had to learn self-confidence—the process is described in later pages by Ismet Inönü. After that, they had to be educated and freed from the religious fanaticism on which was grafted a whole cult of oriental fatalism.

And Ataturk, with his disciples, embarked upon this venture.

First came the National Assembly, the deputies and representatives of this extensive country. Ataturk made a speech to them which lasted eight days. Eight days! It is printed now on some thousands of pages. Eight days, during which, from the tribune, he spoke to the people.

H.E. GENERAL ISMET INONU, THE TURKISH PRIME MINISTER, INTERVIEWED IN ANKARA BY MR. OTTO M. SMILOVICI, "THE FINANCIAL TIMES" SPECIAL CORRESPONDENT.

We shall read later in these pages, from the pens of the most eminent personages of Turkey, who, as a homage to their great chief, have set themselves to describe of what consists, wherein lies and what has been achieved by this Kemalist regime, of which Ataturk has been the inspiring genius, and the members of the Government, of which Ismet Inönü is Prime Minister, the disciples.

Forsaking the artificiality and luxurious orientalism of ancient Constantinople, the Republican Government of Ataturk withdrew to the interior of the country, to the centre of the high plateau, to build the new nation.

And in mid-desert, in a barren and badly irrigated region, it was decided to lay the foundations of a new State, at the foot of a little hill on which was perched a village: Angora. There it was that a modern capital was to be built from which to govern a new, modern State.

I can visualise Ataturk, the soldier, pondering on what this new State was to become and conceiving by his constructive genius the Turkey of to-day, the Turkey of to-morrow.

WORTHY OBJECTIVE.

A Great Nation.

To fight this nation's battle, everything had to be thought out in advance. The objective must be a great nation, healthy, intelligent and productive. The means were paltry and restricted. They had to be brought to the surface, after centuries of waste, during which they had lain submerged in the depths of the soul of this people, so valiant and hardworking, but unlettered and necessitous.

Without preparation, without notes, he spoke to them of what Turkey had been, and gave a summary of the former régimes. He then spoke of the struggle they had had to attain this independence of the people. Of this Republic, which they had succeeded in proclaiming after such persevering efforts and which they now had to construct and set up; of this people who had nothing and needed everything, this nation which only knew how to do as it was told, and which must learn to understand and know so that it might aspire in future to retain this independence so dearly bought and be able to defend it.

He spoke and spoke without intermission and only ceased when, at the very end, it was decreed that what he considered the nation required should be done.

He decided to place it on a par with the Western peoples. From one day to the next he abolished religious fanaticism. There was an end to this divine mysticism and the outworn principles of Islam and the Koran. Each man was free to believe what he liked. But one thing he was obliged to believe: in himself and the Turkey that was to be.

Ataturk abolished the fez—this headgear which made of the Turk a man different from that which Ataturk meant the people to take as an example. And when it was attempted to make light of this measure he decreed the death penalty for any who, after a given date, still tried to wear the fez.

COMPULSORY EDUCATION.

Campaign for Literacy.

It was a sight to see the Turks, who considered it shameful to go bareheaded, rushing to the hatters to procure any kind of headdress provided it was not a fez.

Next came European costumes for women, the complete equality of the sexes and the Europeanisation of names, and after that the campaign for literacy and compulsory education.

In this sphere there was a profound revolution to be accomplished. The Turkish language had to be simplified and rendered possible to read and write. How Ataturk set himself to carry out this task his Prime Minister tells us further on. In short, a new language, studied and evolved from the etymology of this people, was decreed: an easy language, spelt phonetically in Latin script.

And for years the whole nation became a school, of which Ataturk was the headmaster. He went from village to village instructing his people and examining them in the public squares as regards reading and writing what they spoke. And in a few years he brought down the percentage of illiterates from 85 per cent. to about 25 per cent. of a population of 18 millions.

Schools, institutes, colleges, universities and conservatoires were built. Instruction is gratuitous, but compulsory for everyone without exception. The village children and the sons of ministers, side by side on the same bench, boys and girls together, the whole nation has gone to school.

Foreign teachers were called in, young Turks were sent to Western schools so that they should come back to their own country and teach in their turn. To-day primary and secondary schools are functioning throughout the country. The demand for school-teachers is so great that certificates have to be given to students going in for teaching six months before they have finished their university course.

VOCATIONAL TRAINING.

Technical Schools.

Considerable importance is attached to vocational training. The technical schools are required to train a new generation, prepared under the most modern methods, for the various occupations they have in view. From agriculture to the drama, there are special schools for all subjects: building, medicine, teaching, commerce, music, etc.

Each of the schools, institutes, faculties and conservatoires is housed in a building designed with all the latest improvements as regards hygiene, space, light and cleanliness. The most complete teaching material, from the best stocked libraries to the most scientifically complete of laboratories, is provided. The best experts and specialists from abroad are brought to Turkey and engaged at princely salaries to teach their subjects in the schools.

I have seen Viennese cooks teaching the culinary art in domestic science schools. I have seen famous surgeons demonstrate the latest operations in Turkish hospitals. Etymologists devote themselves to the new Turkish language and to Turkish history, chemists and agriculturists methodically organise the rationalisation of the future production of the country and its soil, and foremen from the best-known foreign factories are appointed at magnificent salaries to direct and train the Turkish worker.

Each of these specialists, whether he be the University professor or the agricultural expert, the chemist, the surgeon or the foreman of a textile or glass manufactory, is bound to have a Turkish assistant, who is there to see, hear and learn everything he can, and who, at the end of the contract, has to take over and carry on the work previously done by the specialist.

RENAISSANCE POLICY.

Arts and Crafts.

In his last speech at the opening of the National Assembly, Ataturk emphasised the paramount importance which he attached to the persevering renaissance policy which the Government has undertaken. And he pointed out, among other things, what a great demand there is, by students, for admission to the schools of arts and crafts and the technical colleges.

Continued on Page Five.

NEW TURKEY'S EVOLUTION UNDER THE KEMALIST REGIME—II.

Continued from Page Four.

I have seen how successful these schools are and what results they obtain. Their young pupils from the most remote villages are trained and turned out in a few years' time as workers proficient in the latest improvements of their trade.

I have seen children of between 13 and 16 years old, the sons of peasants, who, six months after entering a school of building, for instance, were drawing up complicated building plans—with all the calculations for strains and stresses, with allowance for perspective—such as are taught only in advanced architectural or engineering classes. After three or four years of practical training they are engaged, as soon they leave school, by some municipality to direct the building works of the region. At 18, their future is completely assured, and they earn a good income.

I visited a commercial school where the students were experimenting in practical commerce, by being associated in a co-operative containing a canteen and a library, and supplying almost all their requirements in clothes, food, etc. Each of them had to be, in turn, cashier, salesman and bookkeeper of this co-operative, which included also a savings department for making profitable investments—a kind of unit trust in miniature. And it seems that these investments were remarkably sound, for the last year's dividend of the school's co-operative's unit amounted to something over 200 per cent.

FIELD OF AGRICULTURE.

Methodic Experiments.

I went to see a remarkably agricultural institute, where they were studying, with the utmost thoroughness, the rationalisation by regions of the best possible yield from agricultural production. Teams scattered over every region in the country plant crops and study how to obtain the best return, in that region, of the various products for which soil can be found, capable of producing an improvement in the quality and the quantity of each of the plants which can be grown in the region.

As soon as a result has been obtained, reports are sent to the institute, which refers them to the Ministry of Agriculture. The Ministry then decides that in such-and-such a specified region, only such-and-such a fruit or oleaginous plant may be grown, for which the soil and climate have proved to be the most favourable. Remarkable results have thus been obtained, among others the cultivation, in a certain region of the interior, of a wheat which is to about 25 per cent. richer than Manitoba wheat.

In this way the land is surveyed for fruit or tobacco-growing or for the other agricultural products which form the greater part of the country's exports.

CARDINAL POINTS.

State Programme.

The agricultural recovery of the country is another of the many cardinal points of the Government's programme. The mechanisation of labour, the co-operative organisations both for credit and sale and for the introduction of modern methods of production and their utilisation, are the ends to which the efforts of the rulers are directed.

And last, but not least, Ataturk announced that he expected the National Assembly to pass a land law as soon as possible. "It is absolutely essential that each farm labourer's family in Turkey should own the land it cultivates and from which it draws its subsistence." . . . "The solid foundation of the country and its prosperity rests upon this bedrock." These are Ataturk's own words, and his words have never fallen on barren soil. We shall therefore see shortly in Turkey a law for peasant ownership of land.

Incidentally, it is remarkable what force of application Ataturk can display when he decides upon anything. When he was told that the lands of Central Anatolia might be unsuitable for fertile agricultural production owing to the dryness of the climate, he resolved to experiment.

He decided to establish a farm in the neighbourhood of Ankara—a farm which was to be a model for all agriculturists. In a very short time this farm, the Farm of the Ghazi they call it, has triumphed over all the difficulties which were said to exist on the Anatolian plateau. To-day this model farm, where any farmer may come and learn, receives valuable advice and useful examples, is a prosperous undertaking. It is self-supporting and renders undoubted service as a model of the agricultural possibilities of the country.

EXCELLENT PLANNING.

New Districts.

The remarkable thing about this country, which strikes one particularly when one visits the newly developed districts of Ankara or the others which have been reconstructed all over the country, is the method with which every enterprise, whether in the domain of construction or that of general policy has been planned and put into operation.

For instance, the new City of Ankara is entirely built on the most modern and up-to-date architectural scheme. There are large double track avenues, tarred and bordered with trees, traversing the whole town and ultra-modern villas in bright colours. The whole town is divided into separate quarters, one for embassies, one for Government offices, one for officials' residences, a quarter for business and banks, for shops and stores, one for sports and racing and so on.

All that is ancient in New Turkey receives to-day merely the tribute of respectful remembrance; it is the new, the modern, that becomes the basis on which the new State is established.

When we consider that only a few years ago the interior of the country

ANKARA: THE DISTRICT IN WHICH GOVERNMENT OFFICES ARE SITUATED.

was a desert with a few scattered villages of mediaeval type, we must admit that the Turkish Government had the advantage of avoiding in all spheres of activity the difficulties of a slow stage of evolution. Where nothing existed already, or practically nothing, no evolution was necessary, except in human mentality. How this was called upon to evolve in one bound we have seen in what goes before.

WESTERN CONCEPTIONS.

"Toeing the Line."

The Turkish mentality has not been allowed to "evolve." It has been forced, all of a sudden, in a very short space of time "to toe the line" to adopt at once the most modern conceptions, to which the West fought its way through centuries of civilisation and decades of social democracy.

It was considered that a strong nation must be healthy, and hygiene has become a cult. It was considered that it must be cultured, and education has become a dogma, applied like medicine to a patient.

It was considered that the nation must be strong, so as to be able to defend the country, and it has been imbued with self-respect and self-confidence, and given the backbone of a disciplined and well-equipped army, ready to apply the most pacific policy, but without loss of prestige.

And then, after putting into practice or laying the foundations for the recovery of the nation, attention was turned to the question of ways and means of raising the standard of living of this eminently docile citizen and remarkably persevering people. A plan was drafted, the most grandiose ever to be carried out in such unpromising conditions as those at the disposal of this nation.

ECONOMIC RECOVERY.

Financial Organisation.

Turkey had to be organised from top to bottom, from its political administration to its economic organisation and the reconstruction of its most vital necessities. The financial bases of a whole country had to be established; economic production had to be created, improved and increased; means of transport and channels of irrigation had to be constructed; and above all, an area twice the size of the British Isles had to be electrified and rendered habitable.

In the district of Ankara there was no water and no source of power. They decided to supply the deficiencies of Nature. A valley was chosen for that purpose. A village in it was burned down and all the watercourses of the area were diverted into that valley, thus making of it a vast artificial lake, high up in the mountains. At the far end they built, from their own funds, a colossal dam. It is called the dam of Çubuk and was inaugurated a few weeks ago. It irrigates the whole district of Ankara and supplies mountain water for drinking purposes and power for the electrification of the country-side.

Further efforts had to be made to industrialise the country and give it the possibility of utilising its natural resources and supplying the needs of a population of 18 millions, most of whom had only recently learned that they must be dressed, in the European sense of the word, that they must be shod, and that they must make use of the thousand and one trifles which are the necessities of a civilised existence.

So it was that the general economic reconstruction of the country was decided upon, both from the point of view of its internal industrialisation, in order to produce, as far as possible, on the home market, the manufactured products of primary necessity and from that of a rational exploitation of its mineral wealth.

It was necessary, first and foremost, to create a financial system capable of supporting these enterprises. To begin with, a whole banking system was put into operation, independent of the old organisation, which was chiefly tributary to foreign organisations. We shall see in the following pages how banks were created for this purpose, designed to give the necessary impetus to each of the branches of economic production which it was desired to develop.

The heads of these institutions tell in subsequent pages what was the necessity for these banks, how they were created and what their task and their achievement has been up to the present. But the most interesting thing is the system under which these banks, which are all, in a way, State banks, operate like private companies.

The initial capital for them is supplied by the State, which holds a large majority of the shares, appoints a managing director and gives the bank the definite duties to perform of financing and controlling various enterprises to be created by the bank. These enterprises are always in the form of private joint stock companies, all of whose shares are in the hands of the bank which sponsors them.

STATE FINANCING.

Banking System.

The best example of this is the Sümer Bank, the initial capital of which was furnished by the State, and which was entrusted with the application of a First Five Year Plan providing for the creation of various industries and manufactures, such as textiles, leather, silk, paper, etc., and now this Karabuk iron and steel plant, which opens a new area to Anglo-Turkish trade development.

The Sumer Bank, for instance, advances the funds and sets up a factory—such as the clothmill of Kayseri. All the Kayseri shares are in the hands of the Sumer Bank. The considerable earnings from the rational and commercial operation of these factories thus inevitably return to the mother bank in the form of dividends, and the bank, in accordance with its statutes, deducts each year the greater part of its profits—that is, those which were supposed to be allotted on the shares held by the State—and adds them to the initial capital, until the total statutory capital has been attained. The remainder of the profits are distributed proportionately to the other shareholders to the amount of about 8 per cent. dividend and not more. Once the total statutory capital has been attained, by means of these successive annual increases, the dividends on the shares held by the State will return entirely to the State. As these banks are bound to make very large profits, by virtue of their special status, these will constitute a separate revenue of greatest importance as regards future Budgets.

This applies, to a greater or less extent, to every one of the great Turkish banks, which in fact are State banks, each with special attributions.

MINERAL RESEARCH.

Rational Prospecting.

It will be seen, in the case of the Eti Bank, which is entrusted with the execution of the Second Five-Year Plan providing for the exploitation of the mineral wealth of the country, how this bank, in order to bring about a rational survey of mining, created, under the auspices of the State, an institute which has the concession for surveying the mineral deposits throughout the country.

I had occasion to visit the Institute of Mining Research, which is under the direction of a graduate of the Douai School of Mines. This institute, which is endowed with the most modern material for surveying and prospecting, has succeeded within a few years, by means of works which are scientifically complete, in studying the structure of most of the mining regions of the country and the potential output from the operation of the mines.

In this case also there was much to be done. As explained elsewhere in the supplement, under former régimes, the only reason for which mining concessions were sought was in order to traffic with them on foreign markets. To-day such transaction is no longer possible. All the old concessions which had not been explored in time were revoked. While, as regards concessions granted to serious private companies, no new ones were granted after the creation of the Institute of Mining Research. All surveying, prospecting or operation was carried out by the institute, which has obtained remarkable results in a very few years.

COAL AND LIGNITE.

Oil Research.

Several coal and lignite mines are in active operation and are increasing their output from year to year. It is stated that traces have been found of petroleum, and at the moment there are several teams working on regions likely to contain naphtha deposits, where they are studying the possibility of production on a commercial basis. In the same way, the extraction of copper has attained record figures each year, and the product already forms one of the most important Turkish exports.

In a few years the institute has succeeded not only in being self-supporting but also in making profits, which become larger each year. Its transactions should prove capable of being largely instrumental for the accumulation of foreign currency necessary for payments abroad.

Taken as a whole, this general structure of the economic and industrial reorganisation of the country, on the basis of indirect control and under the ægis of the State, certainly constitutes a type of State nationalisation which was more or less adopted in other countries also. But there is no doubt that for the reconstruction of Turkey this policy of State intervention in the nation's economic life was the only suitable method for speedy and constructive action to bring about the country's recovery, as no private wealth exists.

ECONOMIC POLICY.

State Nationalism.

Ismet Inönü, the Prime Minister, explains, in one of his speeches, the factors which determined this policy of economic State nationalism.

"The policy of economic State nationalism seemed to me imperative—above all as a measure of defence.

Continued on Page Thirty.

KEMAL ATATURK.

THE CREATOR OF THE TURKISH REPUBLIC.

Specially contributed to "The Financial Times" by H.E. General ISMET INÖNÜ, Prime Minister of Turkey.

I HAVE been asked for an article on Ataturk. From one point of view, my intimacy with him ought to provide me with some grounds for treating the subject, but from another point of view my competence in this matter must be subject to caution. There is no doubt truth in both these ways of reasoning. I shall leave it to others to determine the degree of truth contained in these two considerations, and it is with courage and pleasure that I set about the writing of this article.

What I am going to write will consist merely of tracing some of the characteristics of Ataturk within the framework reserved to me.

Like every great artist whose human and personal peculiarities influence his work, the personality of Ataturk has had a marked influence both on the life of Turkish society and on the policy of the Turkish State and Government.

INTELLECTUAL RESOURCES.

Debating and Converting.

Our Chief, who was born with a revolutionary and militant temperament, loves to live and work in company. It gives him exceptional pleasure to see a large number of people debating a scientific or social subject, and to take part in the discussion for hours on end. In the same way, he enjoys expounding to a large company of hearers a subject which he is studying or contemplating; he asks them to join in the discussion and then does his best to convert them to his views.

This characteristic of Ataturk's has had a stimulating effect in a circle where children are accustomed to be "seen and not heard," and men to keep silence in company and lower their eyes. For a Chief of State who loves to live in the midst of his people, nothing is more natural than for him to direct towards the people the efforts of those who have duties to fulfil.

It is difficult to find, in ancient or modern times, among those who have inaugurated a new era, or founded a new regime, anyone who has gone so far as Ataturk in carrying out his work in the midst of society and of the people. For that, it is not enough to have personal inclinations and a special taste. The higher the personal position becomes, the greater is the risk of contacts and public discussions. When one converses and discusses with people freely in a public place, someone quite unexpected may raise questions on a subject for which one is not in the least prepared. To come out of such a contest as victor, in full view of the people, a great intellectual capital is required, as well as a gift of intuition and comprehension.

FOREIGNERS' ADMIRATION.

Grand National Assembly.

Herein lies the ground of the admiration that a large number of foreign writers have felt for Ataturk, in the course of an unexpected interview. It is his art of conversing with assurance and authority when he is unexpectedly called upon to discuss a complex scientific, political or other subject. His aptitude for social life has perfected in the highest degree his art of convincing others. I would here like to call attention to his power of persuasion when in a conference called for the purpose of studying any subject.

Ataturk's taste for getting into touch with the people and acting in concert with them has been of inestimable benefit to this country. When he undertook the revolution of 1919, he took pains to explain his ideas to congresses, delegations and individuals. For complex causes which had finally to find their solution in hard fighting, he undertook, first and foremost, to convince society; that is to say, actually to create society. The greatest achievement of this mental attribute was the creation in 1928 of the Grand National Assembly of Turkey.

The Grand National Assembly was an incarnation of the will of the nation. The enemies of Turkey at home and abroad feared above all things the National Assembly, and, in general, all free and public discussion, in any assembly whatsoever. The national cause had thus been based, from the moral point of view, on a real and essential representation of indisputable national competency. The situation at that time led to the grouping under one flag of all right-minded people who were patriots of solid character.

It is not easy, with the collaboration of an Assembly, to conduct the affairs of a nation in the midst of war and revolution. It was Ataturk's aptitude for taking up a stand and working with other people that assured for us this arduous but healthy type of government.

After the first period of the national revolution the Grand Assembly still retained the greatest influence and authority over the destinies of the nation. Its influence, although very great, is not sufficiently realised outside Turkey, because all that is noticed is the fact that there are not a great number of active political parties. Yet it has the last word in determining the destinies of the nation and the State. The Grand Assembly exercises real control. The achievements and reforms which have been effected in the country could not have been put through without legislation voted by it. The debates of the Grand National Assembly are often not devoid of difficulty for the members of the Government. The desire to convince the Assembly has always been and will always be the great preoccupation of the Turkish Ministers.

It is not by any means necessary, in order to carry Parliamentary form to perfection, for the Assembly to go in for disastrous demonstrations tending to dissolution. We have before our eyes the spectacle of countries which are far more accustomed to such things. The Grand National Assembly, which exercises the real control and yet avoids devastating influences, is, from this point of view, the most appropriate means of promoting the education and political progress of Turkey.

ALL FACTIONS CONSIDERED.

Inspiring Presence.

The patriotism of the Grand National Assembly of Turkey has always been militant and fit to serve as a model for the country. In questions of internal and external security the Assembly has always shown the greatest sensitiveness and ever tends to give due consideration to all the forces in the country, when such questions are at issue.

Ataturk is a great resource to the Assembly and the members of the Government. It is a treat, when examining difficult and thorny questions, to have Ataturk present and to hear him state his ideas, which are always amazingly lucid. There is no discouragement with him, but good humour and a revival of energy. In the midst of affairs which constantly draw upon man's intellectual and moral forces, a chief from whom there continually emanates light upon all matters is a storehouse of vitality. In the bitter struggle for existence, what one needs is perseverance and tenacity, hope and good humour. These have become our guiding principles, thanks to Ataturk.

It is really a pleasure to see Ataturk among the people. In half an hour the apathy of the mass departs, pleasure and new and vigorous life awaken on the countenances of all. And what is more important is the fact that they at once begin to display a feeling of mutual sympathy, tolerance and solidarity. Individuals become bound each to each and all to Ataturk, and a solid block is formed.

In such circumstances popular emotion reaches its height, is freed from all constraint, feels familiar and confident. Everyone makes his best speech and shows the best of his talent.

ERADICATING PESSIMISM.

Self-Confidence Created.

The predominant feeling at a meeting is self-confidence. The whole assembly is centred round one point, to create a society of superior minds, advancing along the road of civilisation and science. All Ataturk's efforts are directed, above all in popular assemblies, towards creating that feeling of self-confidence and superiority.

When one leaves gatherings at which he has been present, all pessimism, care and worry are gone. Everyone realises anew the greatness of this great leader, and that to believe in him means to believe in the salvation and the progress of this country.

Continued on Page Seven.

"The Republic, with its new and solid bases, has placed the Turkish nation on the road to a secure and reliable future, and, especially, by the confidence which it has created in the minds and souls of the people, it has been the harbinger of an entirely new life. As the years pass, the fruits of the national ideal prove ever more gratifying, in the form of a national unity and a national will to work with confidence and go forward with zeal. This is very important for us, for we consider that our national existence is essentially founded on national consciousness and national unity."

KEMAL ATATURK.

KEMAL ATATURK—II.—Continued from Page Six.

One of his most striking characteristics is to change the outlook of a deliberating assembly by the force of his ideas and his debating genius, and that of a large popular meeting by the enthusiasm aroused for his decisions.

It is again thanks to Ataturk's efforts and work of education that Turkish society has surmounted with ease the crises of women's emancipation and their right to collaborate in all spheres of life. To see the great Chief of State expending his efforts on numerous occasions as a social educator, for hours on end, to make good each person's lack of savoir faire, and to give to each self-respect and the taste of a high tone of society was a sight which aroused both astonishment and respect.

A GREAT STRATEGIST.

Education and Ideals.

The Chief who has made it his duty to teach the people in public places the new alphabet has taken no less pains to create the new society of Turkey and give the tone for its gatherings. In a country whose Government for the past two centuries, amid the troubles to which it was a prey, knew of no other means of appeasing the wrath of the populace than to oblige women to wear thicker veils and longer cloaks.

In such circumstances, to make women judges in a tribunal, civil servants, school teachers and laboratory chemists, one has to conduct society not by force, but by other than violent methods, by persuasion and persevering education. This task Ataturk has accomplished in person.

Ataturk is known to be a great strategist, who has never lost any battle, but always been victorious. When great commanders of this type have gone in for politics, nearly always, in history and in various countries, they have favoured governing by force alone. Ataturk has an entirely different political conception. In his opinion, force and strategy must always be subordinate to the influence of higher aspirations and ideals. It must never exceed the limits of a means of defence for great and just causes. Such a conception calls for great clarity of political aims and convictions. It is a characteristic of Ataturk to base the cause which he defends in his political struggles upon a logical and just thesis, in which he places his whole faith. Ataturk has made of this characteristic the conviction which serves as the foundation stone of the new Turkish State.

WORTHY OF CONFIDENCE.

International Friendship.

During the last two centuries the Ottoman Empire had lost all clarity and seriousness of aim and policy. Although Tunisia, Algeria, Egypt, Crete, Bulgaria, Bosnia-Herzegovina and several parts of Arabia had completely detached themselves in different ways, the Sublime Porte considered them still as its own territory, in spite of not having the right to apply juridical and financial laws even in its own capital. After the Great War, when the experienced statesmen of the Empire were preparing to negotiate with the Allies, in 1918, they demanded in their peace conditions the whole of Arabia and many regions in Europe, as if all these great events had never taken place. For the Empire, all that mattered was the question of form. They did not seem to care if the country were to be administered jointly with foreigners, so long as they were nominally the masters.

Ataturk, who at that time put himself forward as the man who had alone taken into his hands the cause of the Turkish nation and country, was the exponent of an entirely new conception. This was no easy task, for the cause of the integral Turkish nation and country could only be won by arms and bloodshed. To remain, after victory, true to his former national thesis, and later to take his stand upon the policy of a Turkey limited in its national frontiers, demanded a man as great as Ataturk. This conception spared us many mistakes and pointed out the right path for us to follow.

We completely rejected the policy of Pan-Islamism and Pan-Turanism. It became a natural policy for us to institute a solid and loyal friendship with the countries which are not our enemies. As regards national defence, a new theory became the basis of national policy: to be careful not to be in the wrong. But when we are the object of material or moral aggression—it matters not what kind of aggression, whether great or small—we are obliged to bring into play all Turkey's resources.

Ataturk attaches much importance, between nations as between individuals, to relations inspiring confidence, and to words on which reliance may be placed. In his opinion, a man or a nation must be worthy of confidence, at home as abroad, and he intends to work only with such men and nations. He has always kept the most affectionate memory for the men and Heads of State with whom he has been in contact, and has been unalterably faithful to the friendships formed.

It may be said that whole nations enter into contract with each other through the contact of their eminent personages. It is a pleasure for me to note that the visit of the former King Edward VIII. brought the whole Turkish nation into contact with the British in the most cordial and affectionate manner.

Ataturk's chief pleasure and preoccupation lie in questions of culture. The energy which he expends on the study of history in general, and Turkish history in particular, deserves mention; an effort which, during periods of study, involves no less than 10 hours' work a day, and is carried over a number of years, is no small effort. While studying thus for days with scientists and specialists, the notion of time vanished, and the passage of time was forgotten. He can work at whatever subject for long periods without cessation, without sleep and without rest, thanks to extraordinary constitutional endurance and the force of habit persisting from the days of military command. Many a time I have found him among his books and papers, working continuously for 24 hours or even more.

The cultural results of his historical research have been very important. History textbooks for schools have been rewritten under his own supervision; archæological excavations have been encouraged by every means; new truths discovered in the domain of history have been brought to the knowledge of the nation and submitted for the study of the international world.

CULTURAL PROGRESS.

Social Transformation.

As his way is, a national society for the study of Turkish history has been founded, and this society has begun to report its work and ideas at the great congresses. The results of such work have been very important from the national standpoint and from that of civilisation. The Turkish nation has thus realised that it is one of the oldest in existence and has a very ancient civilisation, a fact which has increased its self-confidence and love of culture. With the development of its force, its mind has been opened to new knowledge and a greater love of truth.

Our country feared lest new vestiges of Byzantium or of Rome might be found in its territory. Now it labours, itself, to bring to light archæological remains. The latest excavations at Alacahöyük were carried out on the initiative of the Institute for Historical Studies. The results have already attracted world-wide attention. I do not know whether it is necessary to comment on the fact that the Mosque of St. Sophia has been turned into a museum for the works of Byzantium. Nothing can show more clearly than this simple example the broadminded and lofty character of Ataturk, his tolerance, his love of truth and the deep traces made by the wholesome transformation which he has brought about in the social and cultural structure of the country.

MÆCENAS OF TURKEY.

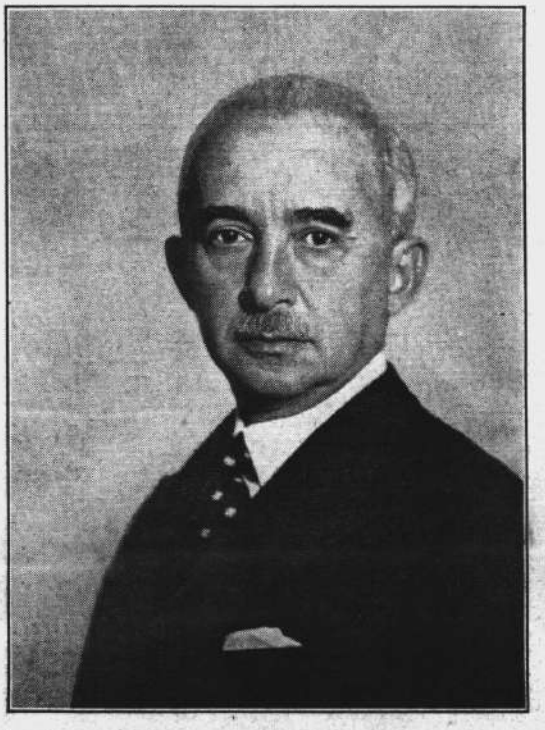
National Constitution.

He is at present working on the Turkish language; and, in order to do so with competence and authority, he began by making a thorough study of philology. These efforts have been going on for years and, as usual, with the same social procedure and discussion. The Society for the Study of the Turkish Language has been constituted. Conferences are held. Reports are read at great meetings. Great scholars of international reputation are invited to attend these meetings. The Great Congress of the summer of 1936 met at the Palace of Dolmabahçe. Among its members, numbering over a thousand, there were also British, French, Italian, Japanese, Soviet, Austrian, Polish, German, Hungarian, Greek and Bulgarian scholars.

All these efforts show to what extent Ataturk is an architect toiling for his ideal, which is the creation of the national edifice.

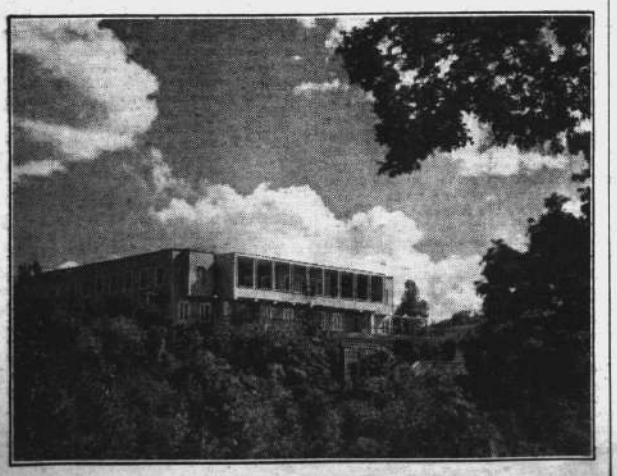
In these few lines I have traced particularly the role of our head as an architect of the State. I have refrained from touching upon the countless problems of the State and nation.

To be vigilant and prepared for dangers from within and without, to create a nation with a strong constitution on political, social and cultural bases; this has been and is the chief aim and object of Ataturk. The Turkish nation is attached to him and grateful for these achievements, as much as for his military victories.



" Collective security, to which we have closely linked our policy, remains still, in spite of everything, the only possible remedy against the visionary aims of the peoples and the only basis on which one can reasonably hope to found a better world."

J. Inönü



KEMAL ATATURK'S RESIDENCE, ANKARA.

THE ATATURK BOULEVARD, ANKARA

REVIEW OF EVENTS AND TRENDS BEFORE AND AFTER THE TURKISH REVOLUTION—I.

HOW A NATION WAS RECREATED BY THE GENIUS OF ITS LEADER.

By FALIH RIFKI ATAY, Deputy for Ankara, Editor of "Ulus" and "Ankara."

LET us first define the environment and the epoch: one hundred and sixty years exactly after the English had obtained from their King, by the "Bill of Rights," guarantees of individual liberties, a council of ministers met at Istanbul to discuss, among other subjects, certain rumours which were circulating in the town. It was important that the public should be silenced. One of the ministers proposed:

"Let us behead the barber of Okcularbasi."

The Sheik-ul-Islam interposed: "Don't do that. He's my barber."

"Well, it need not be he in particular. They can cut off the head of the next barber."

The shadows hanging over Europe from the Middle Ages had long been banished—those "Middle" Ages which lasted fifteen centuries. The conflict between Church and State had ended, and antique civilisation's liberty of thought had resumed its sway at the universities. The era of positive sciences was rapidly spreading European supremacy throughout the world.

But the Ottoman Empire was still steeped in the heavy slumber of the "Middle Ages" of the East and of Islam. The Ottoman Empire which owned almost the whole African coast of the Mediterranean, the Balkan portion of Europe, stretching from the Danube at Budapest to the Black Sea and the Adriatic and Ionian Seas, the whole of Arabia and Mesopotamia, Syria, Asia Minor, the Caucasus and the Crimea.

In that Empire the life, property and honour of the subjects belonged to the Sovereign. The execution of a Vizier and the confiscation of his fortune were current practices, to which recourse was had daily to provide resources for the Imperial Treasury. All were veritable slaves of the Sultan, whether they were statesmen occupying the highest office or the lowliest labourers.

RELIGIOUS TYRANNY.
MOSQUE SCHOOLS.

Nothing, neither law, nor education, nor even purely temporal matters could escape the domination of a religion rendered tyrannical by intense fanaticism and ignorance.

Men of learning and judges were trained in the religious mosque schools (Medressehs), the ministers and administrators in the Enderum—a school for the pages of the Imperial Court, which supplied the Empire with many statesmen—or in the houses where they were functionaries. The Mohammedan Medressehs passed through an extremely brilliant period during the short time in which they cultivated Greek philosophy. One of the teachers, Averroes, revived the cult of Aristotle in the European world. Finally they relapsed into hard and impenetrable dogmatism, which was their undoing, and which debarred them from all contact with movements of thought or discussions of doctrine of any kind whatever.

Religion, which had gradually lost its moral values, its taste for progress and all possibility of evolution or adaptation, and become hidebound by secular laws, was no longer anything but an instrument of government and domination in the hands of the Sovereign.

OFFICIAL TRINITY.
FIRST PRECEPT.

The first precept of the Moslem catechism is this sentence: "State, Nation and Religion are one."

When the Ottomans examined the means of reorganising the army, a statesman, who had been Ambassador in Paris, declared: "One Mussulman is worth ten Christians. If Mussulmans adopt the military regulations of the Christians this superiority will be destroyed, which God forbid." This personage evidently did not know who had invented the cannon employed by the Mussulmans. This actually took place at the end of the 18th century.

In the opinion of the bad priests who brought about the degeneracy of Islamism, and in countries where the same priests still dominate no department of life is unaffected by their doctrine. Thus to use a fork is sinful. Religion regulates even the most private matters and forbids, for example, the use of modern lavatories! It labels "heresy" any innovation in life and in science, and places obstacles in the way of anything which smacks of inquiry or emancipation. It constantly inculcates hatred of life and teaches that earthly bliss is to be found in isolation. The tekkes (monasteries) withdraw men from life by segregating them. An apathetic mysticism lulls the soul with its music and literature.

The spectacle which this stagnant Islamism has produced everywhere—without distinction of latitude, race or nationality—is the same. The Mussulmans of Slav, Greek, Bulgarian and Arab race, whether they speak Serbian, Greek, Bulgarian or Arabic are all alike; on the other hand, their brethren of the Christian faith have become incorporated in the harmony of the Christian world. We shall set aside vain discussion on the original character of the religions and speak only of the facts.

LANGUAGE MIXTURE.
HUGE OBSTACLE.

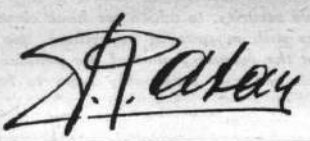
The language in use at the Adrassas was a mixture of Arabic, Persian and some Turkish, each having their own vocabulary and grammar, and required, so it was said, 18 years of study to master it. All literary or religious works written in this language were, of course, inaccessible to the great masses of the people.

Women were completely enslaved; the Ottoman Empire had no Empress. The sovereigns, who had long ceased to bestride their chargers, and had shut themselves up in the palaces of Byzantium, had, none of them, the same mother as had his brothers and sisters, and were at an advanced stage of physical and intellectual decadence. Turkish women had been condemned by Islamism to seclusion—the women who of old, at the time of the migrations and invasions, had accompanied their husbands when they went to war.

There were women, though, who exercised sovereign prerogatives. In the villages of Anatolia the women had never gone veiled. It is curious to note that the worst fanatics were recruited in the Ottoman Empire from the ranks of the converted. The Sheikel-Islam, who under Mohmed II (15th century) established the cruel and implacable dogmatism of the Medressehs, was a Catholic converted to Islam.

The Turkish woman, who to-day is legally more free than the French woman, was in 1918 as dependent and enslaved as a Mussulman woman of Morocco.

The country was in the hands of feudal lords, to whom the provinces were assigned in return for an undertaking on their part to pay certain fixed sums to the suzerain, which meant that their chief business was to extort the necessary funds from the people. Most of these lords were in frequent revolt, and those who could not be brought to reason by force of arms received new privileges.



In this country one frequently met with great captains, and sometimes ordinary men, who saw how things were and wished for reforms. An Ottoman writer, in a report which has now been published, warned the Court and the dignitaries as early as 1683—that is, after the second siege of Vienna—that the army was in complete decay and that the greatest disorder prevailed in the administration. It was more than a century after the Ottoman intellectuals had done so that the Europeans first gave the Empire the nickname of "The Sick Man."

Europe was watching the process of decline of the Ottoman Empire, and both Austria and Russia were preparing to take over its heritage. These two Powers claimed that Christians were persecuted in the Empire. But, in reality, this tyranny was exerted over all the popular masses without distinction.

RENOWNED ATTITUDE.
LIBERTY OF CREEDS.

Actually, Ottomans were always renowned for the respect which they paid to religious liberties. They never forced anyone to be converted to Islam. Anyone who has studied the history of Yugoslavia will remember that after the conquest of Serbia the feudal lords were deprived of their lands, which were distributed to the people. This resulted in the disappearance of the aristocracy. On the other hand, it enabled the populace to safeguard its existence and preserve its unity.

The Vizier Sokullu Mehmed Pasha, who was converted, raised his brother, who was a Christian, to the dignity of first Patriach of Serbia. No one can be ignorant of the important part played by the Serbian Church, in awakening and keeping alive the national spirit and in promulgating the Serbian cause.

The situation was the same in the case of the Greeks, the Armenians and also of the Catholics in the country, whose existence eventually became of political importance.

The power of the Ottoman Empire was at its height at the time of the Sultan Selim, conqueror of Egypt, who, with the object of achieving religious unity, wanted all non-Moslems and Christians to be converted to Islam or executed, but was induced to change his mind by his viziers and muftis. Certainly, no fears would have altered the view of his ancestor, who had destroyed the armed forces of two continents, of the Sultan who hanged the Greek Patriarch of Constantinople for having encouraged the Greek insurrection, and who had his body thrown into the sea. But all Imperialisms are bound to "humanise" their cause. Was not the argument used by Italy when subjugating the Abyssinians that half the population of Ethiopia was in a state of slavery!

EUROPEAN OPINION.
FALSE ANIMOSITY.

European public opinion imbued with the ideas of the French Revolution and having still fresh in its memory all the horrors of the middle ages through which it had passed might be justified in accepting the judgments passed on the Ottoman Empire in condemning it and even in hoping for its punishment by Russia, whose administration was more inhuman than that of the former. But it was not justified in tinging this condemnation with a feeling of animosity to the Turks.

For the Turks were the majority of those who rose against the Sultan. To direct the affairs of State it was sufficient to be Moslem, even a convert, and it was not indispensable to be a Turk. The Sultans born of Turkish mothers might be counted on one's fingers.

But even the most ignorant finally realised that the Empire was crumbling and that this state of affairs was not due solely to the hostility of Christians to Mussulmans, but also to factors existing in the Empire itself. But they attributed the collapse of the Empire to the fact that faith had lost its primitive purity and the Medressels their pristine greatness, and also to the degeneracy into which had lapsed the corps of the Janissaries, whose revolts had become a daily occurrence.

OTTOMAN IGNORANCE.
MILITARY NEED.

The Ottomans knew nothing of Europe beyond the armies against which they had fought and which they had conquered. Towards the end of the 18th century the Grand Vizier Koca Yusuf Pasha announced with stupefaction to Constantinople that 8,000 Russian infantry regularly organised had beaten an unorganised Ottoman army of 120,000 men and had succeeded in crossing the Danube.

Thus, what the Empire needed in order to restore its former power and stop the Slavic and Germanic invasions was simple: a new army needs be created and the navy must adopt European methods and equipment.

This, then, was how the renewal of Turkey began in 1792. There was no lack of people, at that time, to point out that it was not enough to reorganise the army and engage Swedish engineers to build up-to-date vessels, but that all institutions ought to be seriously reformed.

If an astute and clever Sultan, backed by a small governing class, had undertaken methodic and systematic reform, the Empire—especially in view of the disorder prevailing in Europe at that time—could have gone forward to a new destiny. In 1799, Great Britain concluded an offensive and defensive alliance with the Empire. But it was impossible for anyone at Constantinople to realise the situation and have confidence.

Moreover, in 1808, there was a rising in the capital, which resulted in the dispersion of the new army and the assassination of Selim III.

EMPIRE IN TRAVAIL.
PEOPLE'S SUFFERING.

Insurrections, Christian nationalist agitations, the intrigues and wars of the two enemy Empires, were rife. In the first years of the nineteenth century everyone down to the Greeks of the smallest townships of Asia Minor had engaged European teachers for their schools.

Each day saw the increase, on the one hand, of the anxiety of the Court to save its skin; on the other, of the suffering of the people who were patriots. Finally, pressure was brought to bear by foreign powers. They insisted upon various institutions being reformed and that the Christians be assured of better conditions of existence.

In 1826, the Sultan Mahmud once more organised the army on western lines, and this time the Jannissaries who revolted were annihilated. The priests of the Medressels helped to put down the Janissaries—for the Medressels were Sunites and the Janissaries belonged to a rival sect, the Nektashis, and thus established a decisive influence over the country.

Religion in their hands was an instrument of domination, and fanaticism began to exercise its tyranny over the Court and the population.

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REVIEW OF EVENTS AND TRENDS BEFORE AND AFTER THE TURKISH REVOLUTION—II.

Continued from Page Eight.

But, in spite of defeats, insurrections and the influence of the priests, the Sultan Mahmud made important progress in the path of westernisation. Some idea will be obtained of the difficulties he had to surmount if it be remembered that in order to have his portrait hung in the official Administrations, the Sultan Mahmud had to have his own palace and the public buildings guarded by armed forces.

There was, of course, no question as yet of social or of political liberty, whether of the individual or of thought.

TANZIMAT ERA.

THE EASY WAY.

In 1839 the famous Tanzimat era began. He proclaimed the equality of all individuals, promised the westernisation of the Administration and established compulsory military service. Abdul Mecid was a sultan of weak character. He could not even prevent his daughters from making moonlight escapades and thus shocking the fanatics.

In order to have an idea of the easy-going way in which affairs were managed at this period in the Ottoman Empire and of the state of its finances one cannot do better than consider the following example.

The Governor of Egypt, who had risen in rebellion, had been engaged for some years in economic undertakings and had erected important buildings for the improvement of the country. The Treasury could not put up any opposition against the expenditure deriving from this fact. For the ladies of the Court were determined to vie with the ladies who came to Istambul from Egypt and who were full of talk about what had taken place in that part of the Empire during those few years of effort and activity.

The day came when the creditors repaired to Therapia, on the Bosphorus, in order to request the foreign ambassadors to make representations to the Sultan so that they might be paid.

Any loans raised were used for building palaces. The reforms remained a dead letter. The promises made on this head were renewed in 1856. Abdul Mecid died murmuring: "I have been ruined by my wives and daughters."

THREE NEW INSTITUTIONS.

SCHOOLS' WEAKNESS.

But it was at this period that the Military College, the Engineering School and the School of Medicine were founded. The latter, in particular, constituted a direct blow at the Medresschs. On the other hand, new schools were founded and organised on the European system. Their weak point lay in the fact that the intellectual education in them was always entrusted to masters from the Medressehs.

The defeats encountered in the military field compelled the sultans to beat a retreat in other spheres also, which meant that instead of carrying on the movement for reform, they preferred to rely upon the authority and influence of the priests. The first university had been closed down on the order of the priests because of the following words spoken by a professor who dared to think freely: "The status of prophet is a superior profession."

Moreover, attempts to make all these revolutions more sound, thorough and substantial were discouraged by defeat. Indeed, after every fresh effort there followed a foreign war, as though it were an inevitable consequence of the attempt.

Western ideas had begun to penetrate minds, though, little by little. Printing had been adopted. Books were published. For the first time, western usages found their way into Turkish literature, and, what was more important, the words "Fatherland" and "liberty" were employed in their western signification. A new literature was in circulation. But the whole trend of ideas was merely to wish for justice and rights in a general way, without forming any nationalist theories or seeking for a system on which to base the State.

SULTAN DETHRONED.

NEW CONSTITUTIONS.

Those in favour of reform dethroned the Sultan Abdul Aziz, who by his dissipated life was bringing the Treasury to bankruptcy. The first Constitution was proclaimed in 1877. The Chamber of Deputies functioned for a year. All parties of the Empire, Mussulman and Christian, were represented in it.

At that date began the reign, lasting thirty years, of the Red Sultan. In 1908 the second Constitution was proclaimed.

The Party of Union and Progress, responsible for the new Constitution, based its ideas on the general discontent which maladministration and tyranny had inspired in the population, and on the principles of quite a general nature of the French Revolution, without having the slightest idea what sort of State could be made of the Ottoman Empire.

Perhaps it was the only party in history which founded a new era and had not the courage to take over the power. It used the former Viziers as puppets and retained without alteration the existing institutions. The Sultan was Caliph at the same time. As Sultan he had a Prime Minister, and as Caliph, a Sheik-ul-Islam, who occupied the same rank as the Premier, and, in the absence of the Grand Vizier, presided over the Council of Ministers. It was the Sheik-ul-Islam who, when decisions of great importance had to be taken, had to decide whether or not they were in conformity with the religious laws.

This dualism extended to all branches of the administration; there were the lay justice and tribunals, and there were religious justice and tribunals; there were the lay schools and the religious schools; there were, side by side, in the provinces, governors and also muftis; there were even lay finances and religious finances.

As regards public instruction and, for example, in the universities, priests gave all lectures, whether or not the subject had the remotest connection with the old religious beliefs. These priests not only forbade any kind of positive sciences in the Medressehs, but in the universities they taught philosophy and religious history solely from the Mussulman point of view. They considered that it was an offence to religion to have pictures in the text books. This question even provoked a rising in 1909 at Çankkale.

During the first year of the second constitutional régime the priests, who were backed by the soldiers, organised an insurrection and became masters of Istanbul until they were beaten by the army which Mustapha Kemal organised at Salonica and commanded as Chief of Staff. The insurgents killed their regular officers, closed the lay schools, and even attacked institutions dating from the 18th century.

CHRISTIAN NATIONALISTS.

GREATER FREEDOM.

The second constitutional régime made it possible for Christian nationalists, living on what was left of the territories of the Empire, to express themselves with greater force and freedom, and for Albanians, as for Musulman Arabs, to show similar feeling and tendencies.

Only the Turks, among the subjects of the Ottoman Empire, manifested no nationalist current of thought. They considered that the fact of calling themselves anything but Ottoman would mean the disintegration of the Empire. Although patriotic in sentiment, the Party of Union and Progress showed a spirit of compromise in its ideas. It believed that it could save the Empire by technical and administrative reforms without impairing the religious institutions, and its most liberal members showed a singular lack of courage when it came to the idea of religious reform.

But about 1910 began the nationalist movement which we call the "Young Turks" and whose first manifestations of which were attempts to simplify the Turkish language by freeing it from the tutelage of the Arabic and Persian grammars, and from Arabic and Persian words, for which an equivalent existed in the Turkish language.

The Party of Union and Progress represented imperialism, and the Young Turk movement, directed by a dominant group within the Party of Union and Progress, was also thoroughly tinged with imperialism. A party of politicians in this singular Empire, which pledged its budgetary receipts in order to borrow money wherewith to pay its officials and found itself reduced to the status of a semi-colony, by capitulations similar to those still existing in Egypt, a party of politicians, simple-minded men in truth, dreamed of the union of all Mussulmans in the Mussulman world, while another party aimed at the union of the Turks throughout the whole world.

These Party men, who had one eye on India and Arabia and the other on Turkestan and Central Asia, had need of a third eye in order that they might see what was going on beneath their noses.

But a band of choice spirits among the Turks had henceforth one ruling passion, one aim: to Westernise Turkey and ensure Turkey for the Turks.

The Empire withdrew from Africa when Italy seized Tripoli in 1911. It withdrew from Europe after the Balkan War of 1912. When the world war broke out in 1914, the Party of Union and Progress had held complete power for two years, with Enver as dictator.

Mustapha Kemal, who, when he was military attaché at Sofia, had conducted a fierce campaign against the engagement of the German military mission entrusted with the reformation of the Turkish army, was entirely against our participation in the war. But for the Pan-Islamist Enver, the World War was a Holy War which would rally all Mussulmans to his banner.

It was almost by force that Mustapha Kemal obtained the command of a corps and left for Çanakkale (the Dardanelles). The political responsibility lay with his adversaries. But to gain the future mastery he had to show his genius. His promotion he won like his victories, in spite of Enver and in spite of the Germans, and his name became known as a word of hope and consolation among the people who were enduring the evils of a war like that of 1914.

This war brought an amazing recrudescence of fanaticism in its train. Officers who had shaved the moustache were imprisoned (1915). Husbands who were driving through the streets with their wives correctly veiled were asked to show their marriage lines (1916) and women were obliged to wear dresses down to their heels. The priests spread it about among the soldiers who were being inoculated against typhoid that they were having German blood pumped into them.

RISE OF MUSTAPHA KEMAL.

BORN REALIST.

Mustapha Kemal began his opposition in 1908. The young liberal officer, who counted on his military capacities, who saw better than anyone else the realities of his time, wanted officers to remain apart from politics and devote themselves to creating, in Rumelia, an army destined to defend Turkey-in-Europe.

At the first congress of Union and Progress an attempt on his life was made out of enmity for his views, but his supporters elected him to be Chairman of the Congress. Among these supporters was the present Prime Minister, General Ismet Inönü.

Knowing Mustapha Kemal's prodigious talent for strategy, Enver was afraid that the war would be a chance for displaying it. It was strange to see how, while Enver suffered defeat upon defeat, Mustapha Kemal went from victory to victory. Kemal condemned all imperialist dreams, opposed the dissipation of our strength in Pan-Islamic movements outside Turkey, recommended the evacuation of Arabia and Medina, declared openly that the country was threatened with enslavement by Germany and pursued in Syria against Falkenhayn the struggle which he had begun in the Dardanelles against Liman von Sanders.

Mustapha Kemal was a realist, who saw the Empire going to pieces and who thought that it could not be saved without radical reforms.

In 1918 the troops of the Entente are at Istanbul. The leaders of the party which made the war have taken flight and left the country. The French are in occupation of Cilicia, the Italians are at Antalya. The Greeks having for their part landed at Smyrna in 1919, the Mediterranean coast of Asia Minor is partitioned de facto. . . .

Mustapha Kemal, left in Istanbul, is famous on two counts: first as the victorious general of the Dardenelles, the greatest of the military leaders, who had come victorious out of every battle that he had undertaken during the war and succeeded on all fronts to which he had been sent; secondly, as the intellectual and politician, who has constantly stood out against abuses and the bad leadership of the war, and led a violent opposition against Enver and the German military domination.

While the Greeks were landing at Smyrna in 1919, Mustapha Kemal was landing at a point on the coast of the Black Sea, with his mind made up to oppose the policy of the Entente Powers and the Istanbul Government for the partition of Turkey.

MATTER OF CONCEPTION.

SIMPLE DIFFERENCE.

There was at that time, between the entourage of the Sultan and his Government and those who had gathered around Mustapha Kemal, a simple difference of conception: Istanbul believed in the principles of Wilson and the justice of the peoples, and Mustapha Kemal believed in himself and in the peoples' sense of honour.

At Istanbul a deep-seated moral derangement prevailed. But so little hope was held of obtaining anything by force that even fervent patriots were found to accept the idea of a British or American mandate on condition that Turkey was not partitioned.

In Anatolia there were a certain number of armed bands which had gained the mountainous regions and which consisted of men determined either to escape prosecution for political offences or not to endure the Greek occupation. Mustapha Kemal, who had arrived in Anatolia in the capacity of Inspector of Armies, at first countenanced the activity of these bands and then undertook to rally them around his person. He became, quite naturally, the leader in movements of revolt, resistance or discontent which were entirely disconnected, morally and materially, and had, still less, any common discipline. The Europeans then divided the Turks into two factions: the partisans of the legitimate Government of Istanbul and the Kemalists.

MEANING OF A WORD.

SYMBOLIC CHANGE.

The word "Kemalism," which is today in Turkey the name of the most advanced revolutionism and throughout the East the symbol of a religion of liberty, was, at that time, created to some extent by the riff-raff of Pera and stood for "banditry."

The first objective of the Kemalists was to organise the war in Anatolia. During this period Mustapha Kemal revealed none of his plans in regard to the revolution which was to follow victory. The Assembly which he called contained a great number of reactionaries ready to abrogate all the reforms achieved since 1792, and make Turkey, once more, a theocratic State of mediæval type.

They had succeeded in abolishing the teaching of drawing in the schools and founded hundreds of new Medressets, that is, religious schools.

A deputy from Konia, at a meeting of the Assembly at which the subject of the Constitution and the right of Parliament to legislate was being discussed, mounted the tribune holding a Koran in his hand and declared: "I cannot take part in an Assembly that knows any other law than this."

There were also a great number of people who defended the idea of continuing the war by means of irregular formations and not organising an army.

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MONUMENT IN ANKARA SYMBOLIC OF TURKISH REPUBLICAN SURETY.

REVIEW OF EVENTS AND TRENDS BEFORE AND AFTER THE TURKISH REVOLUTION—III.

Continued from Page Nine.

Mustapha Kemal, first of all, organised the army and gradually disbanded the irregular formations. In addition, he adopted an extreme circumspection in foreign policy. He concluded an alliance with the Soviets, came to an understanding with France, won over Italy, and, in short, restricted as far as possible the enemy front. Finally, he gained the victory.

It was generally thought that once peace was concluded, Mustapha Kemal would go to Istanbul, where he would become the Prime Minister of the Sultan or would himself found a dynasty. But Mustapha Kemal, far from considering that his task was ended with victory, was, on the contrary, convinced that he had only just begun a yet wider undertaking.

The "Eastern" party offered to Mustapha Kemal the Sultan's throne and the title of Caliph; he refused both. The "Westerners" advised him to put down all means of deliberation and discussion and to institute a dictatorship; he refused this also.

Nations have a good memory. True, this country had been conquered by the Sultans. But these had tragically degenerated subsequently. Of the last six Sultans who succeeded each other after the close of the 18th century the first was a weak and effeminate man; the second was a drunkard, who spent the money borrowed in the West on building, adorning and furnishing palaces, and whose only amusement was to watch wrestling and cockfighting; the third was a madman; the fourth a terrible despot; the fifth a dotard, whose children were the laughing-stock of the streets, and the sixth a traitor, who came to an understanding with the sworn enemies of Turkey and who, after the victory, fled from his country on board a foreign vessel.

SIGNIFICANT ACT.

NO LOOKING BACK.

At his first visit, after his victory, to Bursa, which was the first Ottoman capital, Mustapha Kemal struck out from the ceremonial programme a proposed visit to the Mausoleum of the first Ottoman Sultan; this was a significant act. . . .

The epithet of "Sick Man" applied to the Ottoman Empire was justified. But the diagnosis of this "Sick Man" was different according to whether it was made by foreigners or by the population of the country, and no one had had the courage to try a decisive operation. The diagnosis of Mustapha Kemal was definite, and no less definite was his determination to apply the treatment; this was to liquidate all the mediaeval institutions of the Empire and found, in the centre of Anatolia, a new Turkish State on the western model.

One day Mustapha Kemal repaired to the Turkish Club, which was the centre of Turkish Nationalism after the re-establishment of the Constitution in 1908. There, after having had the club rules given to him, he deleted all passages containing irredentist aspirations.

He declared that the nationa'ist activity of the country must be exercised within the country's limits as laid down for Turkey by the Treaty of Lausanne. He opened the doors of the national territory to the immigration of Turks who had remained outside Turkey in the same way that he had exchanged the Greeks of Anatolia for Turks in Greece. One of the main lines of Kemalism is a secular and Western type of nationalism, which is neither Imperialist or irredentist.

COUNTRY'S SECULARISATION.

DEFINITE AND DECISIVE.

The secularisation of the country was no less definite and decisive. The State was entirely separated from religion. The article of the Constitution defining the religion of the State was abrogated. The caliphate was abolished. Religious laws and tribunals were definitively suppressed, as was polygamy.

The Swiss Civil Code was introduced into Turkey. On its provisions were decided, henceforth, all questions relating to marriage, inheritance and the family in general. Women received unreserved freedom and rights and a status of complete equality with men. There are to-day many women exercising the function of Judges or sitting in Parliament and on the municipal councils; in short, in all branches of national activity and in all services of the State.

It is difficult for people of Western race quite to realise the importance which the fact of changing the head-dress and attire have for the world of Islam. Mussulmans apply to those not of their religion the insulting term of ghiaour. The most detested of such non-Mussulmans received the still more offensive epithet of "ghiaour who wears a hat." When he introduced the wearing of hats, Mustapha Kemal knew that the change would be more than an outward one, and would have also a mental and psychological effect.

He asked one day:

"What is considered the most fanatical part of Anatolia?"

"Kastomonu."

"What place in the province of Kastomonu supplies the greatest number of priests?"

"The sub-prefecture of Daday."

The next morning Mustapha Kemal set off in his motor-car for the sub-prefecture of Daday, where he sported the first hat. Some timid souls, alarmed by this act, and not daring to call the hat a hat, gave it the name of "the head-covering with a visier." But Mustapha Kemal assembled the populace and announced: "This object is a hat."

To-day, in the remotest villages of Anatolia, the old priest who conducts the prayers wears a bowler hat.

Mustapha Kemal has never considered anything in the nature of "religious reform." The time for such reform is gone for ever. What was needed now was to ensure liberty of conscience and, by increasing the number of schools, to give a new education to the rising generation. The hundreds of thousands of Turkish children who have received this education are reaching the age when they will have to do their military service.

AT THE UNIVERSITY.

SWEEPING CHANGES.

Liberty of thought was introduced into the university: it was the most energetic and decisive operation for liquidating Moslem mediævalism. Religious influence was entirely abolished from the schools. To facilitate the development of national culture, the Arab characters which read from right to left were replaced by Latin characters. Not only did the Latin characters help rapidly to reduce illiteracy but also brought about two radical reforms in that grammar has become national—that is, essentially Turkish. While, on the other hand, the terms inherited from Eastern culture have been replaced by terms which are the common property of the Western world of culture.

It was feared that the circulation of newspapers, after a reform in script of such magnitude, would fall to a disastrous extent—for instance, by two or three thousand copies for newspapers with a large circulation.

On the contrary, after about two years of standstill, it rose to thirty or forty thousand copies, and even to fifty thousand copies for the popular newspaper "Yurd." The reviews and periodicals began to produce up to 20,000 copies. These figures, which may seem small to a British reader, are considerable for the Balkan regions and for the Eastern world in general.

Translations of Western works works acquired a circulation and importance hitherto unknown.

HISTORICAL RESEARCH.

TRUE ANNALS.

One of the first things done, after the Turkish language had recovered, as it were, its national prerogatives, was to proceed to historical research and revision. History ceased to be merely a dynastic chronology, as under the Ottoman rule, and Turkish history was reconstructed on a vast scale, light being thrown on all the truths which had hitherto been misrepresented. Although the number of secular schools—which are entirely modern—is increasing with the ever-growing number of teachers, they are not sufficiently numerous to satisfy the constantly increasing requirements of the pupils anxious to be admitted.

In the Ottoman Empire Turks were either lords or officials. Commerce and economic life in general were in the hands of the non-Mussulmans minorities and the foreigners.

The situation to-day is very different. All economic enterprises, all banks, all industrial and commercial establishments are operated with Turkish capital and an entirely Turkish staff.

The plan was quickly put into effect which, while excluding autarchy, aims at utilising the agricultural products of the country and manufacturing within its borders the industrial materials for which there are markets in Turkey. The sugar industry was organised in such a way that the Turkish production of sugar is sufficient for the Turkish market; the textile industry, too, has been created to a great extent. In Anatolia and Istanbul the industries of paper, coal, glass, timber and building materials and various other industries have been created one after the other. The foundation of the iron and steel industry has just been laid. Electrification will begin this year.

The aim pursued by industrialisation in Turkey is to create there industries for which Turkish markets exist and those whose raw materials are found in the country itself. This promotes, on the one hand, Turkey's economic development and, on the other, increases appreciably the purchasing power of the Turkish population. Turkey, which has ceased to purchase certain raw materials abroad, has, on the contrary, become a considerably more important customer than formerly for industrial products of which she does not possess the raw materials.

DETAIL OF THE REPUBLICAN MONUMENT AT ANKARA.

The creation of a Mining Bank has also made it possible to begin the exploitation of the more important mines.

FOREIGN SCEPTICISM.

DIFFICULT QUESTION.

One of the most difficult questions was that of instituting new relations with foreign establishments which had been in existence from the period of the Capitulations or with foreigners who knew Turkey of that period. It was difficult for either of these sections to decide to renounce, with a good grace, their former privileges and to believe in Turkish aptitude and capacity for conducting certain business of an economic nature.

Each time that Izmet Inönü at Lausanne rejected Lord Curzon's demands regarding the privileges of foreigners the latter withdrew his demands, but said:—

"What will happen after peace has been concluded? You will have to reconstruct the whole country. You will require money. But the money is in my country, in London. Each time you try to negotiate I shall hand you one of these documents you are rejecting."

In order to establish financial relations it was necessary, first and foremost, to do without any foreign financial aid and to commence the construction out of our own means, in order that we might efface by our action the discredit under which the Ottoman Empire had laboured, and, by dint of substantial and repeated success, to overcome the prejudice existing against the possibilities of the new State. The sacrifices which this policy entailed have been borne by the nation with an energy which must command universal admiration.

In 1921 Mustapha Kemal wanted to found a bank with the sum of £T.100,000 at his disposal. But he hesitated to put this plan into effect, with the idea that the experience of the Turks in this domain was insufficient, and wished to obtain the participation of a foreign bank. A competent banker of that period remarked: "The Turks are incapable of running a bank."

Mustapha Kemal's only reply was to draw out the £T.100,000 deposited with that foreign bank, have them put in a sack, which was placed in a builder's workshop in the old town. Then he sent for M. Celal Bayar, the present Minister of Economy, and said: "You shall be the director of the new bank."

In 1936 the number of Turkish banks amounted to 44 and their total capital £T.100,339,000 (1934 figures). They are exclusively staffed by Turks, from the general manager to the lowest clerk.

Turkish nationalisation, which to-day takes the form of a managed economy which has placed, in the hands of the State, the largest industrial establishments and which confers on the State in economic matters, the role of arbitrator between private interests and the general interest, was, at the outset as it were, the natural product of existing conditions. Individuals were still deficient in what might be called economic training; there was no accumulation of capital; moreover, the country had no time to lose.

These circumstances, which decided the State, at a period when liberalism was still in the ascendant, to take a direct part in economic questions, became still more clamant when the crisis came, and in all countries the State was obliged, whether it wished or not, to concern itself with economic conditions. Then this tendency merged into a definite and unchangeable orientation, to which the watchword of the People's Republican Party, "a society without classes," gave its full significance. Already in 1921, to those who asked what was the name of "our Party," Mustapha Kemal replied: "It will be called the People's Party. I recognise no classes."

In a country which had only just begun to inaugurate intensive economic and industrial activity, organised on a large scale, instinct commanded the pursuit of some other path than that which class warfare would have rendered impracticable.

With its own resources the new State built numerous railways. The railways, which were formerly concessions granted to Germans, for the most part, and to a lesser extent to English and French companies, were bought back. The total length of the railway lines laid down by the State is 2,706 kilometres, and of those repurchased 4,025 kilometres.

DEVELOPMENTS IN ANATOLIA.

GROWTH OF ANKARA.

Ankara, which began as a township of 20,000 inhabitants, developed with headlong rapidity, and to-day possesses a population of 130,000 persons. There is not a single town, a single settlement in Anatolia where works of some kind are not in progress, of building or improvement. New high roads and concrete bridges are being constructed everywhere, and these works are turning Kemalist Turkey into one vast workshop.

Although Istanbul has ceased to be the capital, and has, since 1912, lost its European hinterland and is no longer the commercial entrepot of the whole country, because the towns and seaports of Anatolia have established direct relations with the rest of the world, yet Istanbul is a city where the mania for construction has increased considerably in the last few years, and has a steadily increasing population.

Thanks to the economic development and the hygienic policy of the country, the increase in the population, according to the results of the general census of 1935, made under the supervision of a Swiss specialist, was over 20 per thousand. The population of Turkey is rapidly approaching the total of 20,000,000 inhabitants.

Mustapha Kemal has never for a single day dispensed with Parliament. He is not a dictator; he is a Head freely elected by the nation. The law has prohibited reactionary activities capable of impeding the progress of Western civilisation in Turkey: this is the only severe measure of restriction of a revolution so vast and so far-reaching.

Turkey has never forsaken the principle of budgetary equilibrium. She has raised no loans. She has shown exemplary honesty in meeting her debts. Milliards have been expended in the last 13 years on industry, public works and the reconstruction of the country: all debts have been paid without delay, no Budget has been in deficit and the trade balance has always been in equilibrium throughout this period.

Kemalist Turkey, which proved in 1919 that it did not shrink from what was considered the most hopeless wars, is now, as everyone knows, at the head of the pacific Powers.

I shall say nothing of the memories left by the policy pursued at Montreux, for they are fresh in everybody's mind. But no international event can be mentioned, since 1921, at which Turkey has cherished any spirit that was not consistent with a pacific solution.

England, from her experience of Iraq, knows how friendly a neighbour Turkey is.

TURKEY'S FOREIGN AND DOMESTIC POLICIES OF TRANQUILLITY AND SECURITY.

"PEACE WITHIN THE COUNTRY AND PEACE WITH THE WORLD."

Specially Contributed to "The Financial Times" by H. E. DR. TEFIK RUSTU ARAS, Minister For Foreign Affairs.

TURKEY'S respective foreign and domestic policies are identical. The phrase used by Ataturk—"Peace within the country and peace with the world"—is the best expression summing up this identity.

In the domain of foreign policy the line on which the Turkish Government is working is characterised by clearness of view and of conception and by firm and resolute application of these.

The basis of this carefully thought-out and balanced policy is perfect stability. The aims, to-day, of the foreign policy of this Republic in the Near East are precise, clear and need no comment; their aim is the development of peace and security.

It is to this end that, on the basis of mutual confidence and respect, Turkey has adopted the principle of living on good terms with all countries and has spared no effort in order to fraternise completely and sincerely with her neighbours.

NATIONAL MOVEMENT.

Universal Peace.

The Government of the Republic draws its inspiration, not only in this domain, but also in its other fields of activity, from the principles which motivated the National Movement and the Revolution, generously and inexhaustibly directed as these are by the great chief, Ataturk, their creator.

And the man who, for the first time, crystallised this method as a whole in a great universal work for peace was Ismet Inonu the author of the Lausanne Treaty.

ATATURK'S GREAT WORK.

His Collaborators.

Ataturk, who draws his strength from the prodigious history of the Turkish nation, by the example of his own character and virtues which have been moulded by the thousand and one vicissitudes of that history, and more aware in his own mind than anybody of what his great nation wishes and the role which he has been called upon to play, formed and continues to form, one by one in the school he has founded by the light of his own intelligence and sublime genius, his collaborators and workmen in the service of the Turkish Republic. This is his great work; a work whose destiny is of the highest.

In my character of workman formed in this school, in order to proceed to a succinct review of the activity of the Republican Government in the domain of foreign affairs and of its actual international position, I would prefer to let the principal documents which form the official statement speak for themselves.

NEIGHBOURLY FRIENDSHIP.

Varied Agreements.

The Turkish Republic finds itself, as a separate entity, brought into close friendship to-day with each of its neighbours. This has been achieved, without exception, by mutual and bilateral pacts of non-aggression, of non-participation in political and economic policies directed against one or other of the contracting parties, and finally by the obligation to remain neutral in the case of aggression against the other contracting party and by conventions laying down the settlement of all outstanding questions by the means of negotiations, agreement and arbitration.

To begin with, the U.S.S.R., Turkey's great and immediate neighbour on sea and on land, and with France, Italy, Greece and Bulgaria, the Turkish Republic's immediate neighbours to the west, and Iran on the east, our relations are with these countries founded on the above-mentioned bases. Further, between Turkey and Greece there exists a treaty for cordial understanding.

PART OF THE TURKISH DELEGATION TO THE STRAITS CONFERENCE AT MONTREUX. FROM LEFT TO RIGHT ARE (1) M. NUMAN MENEMENCIOGLU, GENERAL-SECRETARY OF THE TURKISH MINISTRY OF FOREIGN AFFAIRS, (2) M. SUAD DAVAZ, TURKISH AMBASSADOR IN PARIS, AND (3) M. FETHI OKYAR, TURKISH AMBASSADOR IN LONDON.

For all that, Yugoslavia, Rumania, Czechoslovakia and Hungary in the west, and Afghanistan in the east, are not direct neighbours, but the Republic of Turkey has also concluded treaties with these countries. The reasons are easily understandable. The treaties are based on the above-mentioned principles.

MULTILATERAL TREATIES.

Briand-Kellogg Pact.

As regards multilateral treaties, Turkey figures among the signatories of the Briand-Kellogg Pact, of the Covenant of the League of Nations and of the Agreement Regarding the Definition of an Aggressor. Republican Turkey, being convinced of the utility of regional pacts as consolidating peace and security—provided always that they be necessary as seconding and supporting these multilateral treaties and that they be freely entered upon and drawn up by the interested parties—in the west, together with Greece, Rumania and Yugoslavia, is one of the members of the Balkan Entente; that is, Turkey is allied, in the Balkans, with these countries.

And in the Orient, Turkey is one of the promoters of the Oriental Pact.

Our relations are normal with all other States.

The relations of Turkey with her close neighbour Irak are based, over and above material and spiritual affinity, on tripartite documents drawn up between England, Irak and Turkey.

BRITISH EMPIRE.

Good Relations.

As for the good relations which continue to develop so happily between the British Empire and the Turkish Republic, it would not be correct to think that they are solely based on the document which I have just mentioned.

That is why, in order to be able to express in fitting manner the nature of these relations, I can find nothing with more eloquent inferences than the recent visit of the Turkish Fleet to Malta in order to return the call previously made by the Fleet of her friends. Nor can I go better than quote textually the declaration made by my great chief at the opening of the last session of the Grand National Assembly:—

"It is beyond doubt that, as result of the personal acquaintance I have had the honour of making with the Sovereign of Great Britain, a friendship has been created between us which has had beneficial effect on the cordial relations already developed in accordance with the trends of our national feelings between our two Governments."

ACTIVITY OF THE STATE MONOPOLIES UNDER THE TURKISH REPUBLICAN REGIME.

Specially contributed to "The Financial Times" by H.E. RANA TARHAN, Minister of Customs and Monopolies.

"The Monopolies call for our attention, not only for the revenues which they procure to the Treasury, but also for their task, as regards National Economy, of increasing the value of the products which constitute their raw materials."—(Programme of the People's Party, Art. 40.)

BEFORE embarking on our subject, it seems right to pause for a moment in order to consider the word "Monopolies" and define its scope of and the limits drawn for each of the four articles for which a monopoly exists—namely:—

(a) **Tobacco**: The right to manufacture and sell tobacco inside the country belongs exclusively to the State. The trade and export of leaf tobacco is free under certain measures of control;

(b) **Alcohol and spirits**: The manufacture, import and sale of alcohol and spirituous liquors in general is also the monopoly of the State. The Monopolies Administration manufactures them itself or authorises their manufacture by private persons. The manufacture of wine is free, subject to certain measures of control.

(c) **Salt**: The production and extraction of salt are in the hands of the State. The sale of salt is free.

(d) **Gunpowder and explosives**: The manufacture, import and sale of gunpowder and explosives are a State monopoly.

The duties of the Monopolies Administration do not consist solely in collecting the revenue of the monopolies on these articles. The Administration has duties which we may summarise as follows:—

As regards tobacco and spirits, to secure the double profit for the producer and for the Treasury by raising the value of their raw materials.

In the case of salt, to assure its production under the best conditions and enable everyone to obtain cheap salt with ease;

And for gunpowder and explosives, to meet the requirements of the public and those operating the mines as well as those engaged on public works, by placing at their disposal good quality gunpowder and explosives at a cheap rate.

Let us now consider the efforts expended by the Administration to attain the aims set forth above:—

I.—TOBACCO.

The tobacco producer is the first citizen with whom the Administration has to deal.

Analysis and choice of soils, selection of seeds, phases of cultivation from sowing to gathering, passing through the stages of transplantation and topping, to harvesting, drying, manipulation, packing, all the steps are followed by the Administration with maternal solicitude.

The better to fulfil its duty to the producer, the Administration began by creating a technical section, provided with a first-class laboratory. Under its supervision there is an Institute of Tobacco for the improvement of the species.

The institute owns three laboratories, dealing respectively with:—

1. Selection.
2. Biology and vegetable pathology.
3. Chemistry.

The Monopolies Administration attaches no less importance to the preparation than to the proper sale of tobacco. It gives its whole attention to seeing that the interests of the producer are not damaged and that the purchaser can obtain complete satisfaction on the markets.

The Administration considers that it is its duty to give assistance to the growers by advancing them money while the crop is still in the fields. This advance is made without interest.

The Administration, considering that the value of our tobaccos in the world market depends on their good preparation and standardisation, continues to take effective measures to this end. Thanks to these measures bad producers have completely ceased to cultivate tobacco or have very much improved their production.

Leaf tobacco depots existing in the zones of cultivation and in the great manufacturing centres were improved by the Monopolies Administration in accordance with the modern technique of tobacco, and new depots were constructed or remodelled where none existed or where those existing were inadequate.

The old methods of work in the depots where the tobacco is handled and stored are in process of improvement and are being guided towards new rational processes with the intention of bringing down the cost price and improving the quality of the work accomplished.

The factories belonging to the Monopolies Administration have a producing capacity of 15,000 kilogrammes of cut tobacco and 34,000,000 cigarettes per diem, which makes 4,500,000 kilogrammes of cut and manufactured tobacco, and 10,200,000,000 cigarettes per annum. Needless to say, in order to produce these enormous quantities of goods, the Administration has endowed its factories with entirely modern machinery and implements.

The Administration is naturally not satisfied with perfecting its factories to this degree, but has also adopted rational methods in the manufacture of its products, which has resulted in the lowering of the cost price and the increase of profits.

To work faster, produce more cheaply, improve the quality, these are its constant care, and the result of every new effort.

Pipe tobaccos, the small leaf cigars, coming from the district of Mardine, as well as tobacco for snuff, products which the Administration succeeded in producing, are all greatly appreciated by connoisseurs.

The "Paysan" cigarettes, created by the Administration, although prepared with good tobacco, are sold more cheaply than the less expensive cigarettes of other countries.

Thanks to the reduction of 25-30 per cent. which has again been made in the price of high-quality cigarettes, including "Harmans," which are made in a particularly careful manner with the best tobaccos of the country, the consumption of these qualities has doubled. Thus the luxury cigarettes of the Administration are no longer the apanage of the wealthy, and have become accessible to more modest purses.

In its desire to modernise everything, the Monopolies Administration has given up the old methods of exposing for sale. It has turned the old sale depots, which were nothing but depots pure and simple, into shops with attractive, brightly lit, windows.

Here is an example of attention to salesmanship: The consumers of Angora complained of the stiffness of the cigarettes sold in that town. To remedy this defect and give the Angora customers cigarettes which had retained all their freshness, the Administration actually put an acclimatisation installation into the premises of its Angora agency.

The Administration, with a view to making known throughout the world the incomparable delicacy of taste of Turkish tobaccos, has taken part in all the exhibitions and fairs organised in foreign countries, where it has gained the highest prizes, especially in Paris, Milan, Budapest, Lausanne, Basle, Strasburg and, finally, the great Universal and International Exhibition of Brussels in 1935.

Rana Tarhan

II.—SPIRITUOUS LIQUORS.

Like tobacco and salt, spirits, under the old regime, formed part of the six indirect taxes, conceded to the Public Debt, by the decree known as the "Muharrem." In 1926, the exploitation of spirits was granted to a Polish company in the form of a monopoly. A year later, a department directly dependent on the Ministry of Finance was entrusted with the administration of this monopoly. This continued until 1932 when the Monopolies were grouped under one and the same general department.

Considering that the spirit industry did not even exist nine years ago, it may be said that it has been created in the country to replace foreign products.

At the outset of its activities, the Monopolies Administration set on foot a vast investigation by French specialists and its own technicians, into the grapes of the country and the wine obtained from them. The results of these studies have served as a basis for laboratory experiments.

These experiments have shown that good red and white wine could be obtained from the grapes, already famous, of the three wine-growing districts of Ægea, Thrace and Marmora.

Encouraged by these happy results, the Administration decided to build a winery at Tekirdag.

The red and white wines, dry and semi-dry, which it has produced are much appreciated both in Turkey and abroad.

Quite recently, the Monopolies Administration has placed on sale an exquisite dessert wine which it has obtained from the famous aromatic black grapes of Izmir called "Misket"—muscatel. This was a real success for the Administration both from the industrial and the economic point of view.

Misket wine made a sensation in the country: the "misket" grapes of Izmir have found a market which already absorbs the whole crop of fruit each season.

The Monopolies Administration had already lowered the price of its table wines by 16 per cent. in 1935. As from November, 1936, a further reduction of 22 per cent. has been made in the prices.

Thanks to the good results obtained by the young Turkish viticulturist industry, which have been attained in so short a time, consumption increases regularly. At the factory constructed by the Administration in Istanbul and furnished with every modern plant, the first Turkish liqueurs and cognac are being produced.

In 1931, the products of the Administration, manufactured under the supervision of French specialists have quickly and successfully replaced the liqueurs and brandies prepared with alcohol; synthetic spirits of the old market. Hitherto it had only been possible to provide the wine drinker in search of natural beverages with goods brought from abroad. To-day the distillery for liqueurs places 20 different qualities on the market of the country.

III.—SALT.

Turkey has immense resources, beyond all calculation, in salt obtained from the sea and from salt-pits and in rock-salt.

From the threefold point of view of richness of deposits, ease of production and facilities for transport the salt-works of Camalti stand first. The Monopolies Administration has expended serious efforts on making this salt-bed of 14 sq km in area, a remarkable centre of industry and production.

The export abroad of Turkish salt has been remarkably developed, thanks to the perfecting of methods of loading vessels.

Many improvements have been introduced into the other salt-pits in order to increase and improve production.

But the most important of all the measures taken for salt has undoubtedly been the decision which the Government of the Republic recently made to lower the gross cost of salt from six piastres to three piastres per kilogram; a decision which involved a probable decrease of some £T.4,000,000 in the revenues of the Treasury. But the Government of the Republic did not hesitate to make this great sacrifice, in order that everyone should have without difficulty all the salt he required, both for the food of men and animals and for the consumption of various industries.

IV.—GUNPOWDER AND EXPLOSIVES.

The aim of the Government in exploiting this monopoly of explosives is, above all, to facilitate the acquisition of these articles to those wishing to obtain them, especially for public works and mines.

Explosives are sold to mining enterprises at their cost price.

V.—JOINT MONOPOLIES.

The administrations of the articles of monopoly—namely, tobacco, alcohol and spirits, salt, gunpowder and explosives, —which functioned independently of each other, have been brought under a single administration called the Monopolies of the Turkish Republic. The fusion of the four monopolies has given happy results.

From the administrative standpoint, the benefits of the fusion were quickly felt in the form of a more perfect harmony and co-ordination in the works which were conducted on the same principles.

A great saving was accomplished in the overhead charges of the four administrations. From £T.6,777,000, these charges fell to £T.5,450,000.

An equally happy result of the fusion has been the perfecting of the work of handling and manufacture. Thanks to the rational measures adopted, important reductions were made in the costs of material, handling and manufacture.

Continued on Page 14 Columns 3 and 4.

CIGARETTE MANUFACTURE.

ECONOMIC DOCTRINE OF THE KEMALIST REGIME.

GUIDING TURKEY BY RATIONAL WAYS INTO THE FOREMOST RANK OF MODERN NATIONS.

Specially contributed to "The Financial Times" by H. E. CELAL BAYAR, Minister of National Economy.

THE economic doctrine of the Kemalist régime cannot be explained by reference to any known economic doctrine. For Turkey of the Republican régime has found herself faced by conditions and duties essentially different from those that have given birth to other doctrines.

After having assured the absolute independence of the country and having accomplished all the reforms in the social and political structure of Turkey and established a stability and confidence which very few countries to-day enjoy, the Kemalist régime declared its national economic aim as follows:—

"To raise Turkey economically as well, within the shortest possible time, and through most rational ways, to the level of the most advanced country of the world."

The Turkish nation, by its own desire and through its own racial instinct, has welcomed this indication, as it did all other declarations by Atatürk.

The nation as a whole and with unanimity of sentiment cheerfully accepted this, as it did all other of his desires.

The economic policy of the Kemalist régime is to realise and safeguard the object thus proclaimed. As will be seen from the programme of the People's Republican Party—that is, of the Kemalist Party—although property ownership, individual labour, appreciation of individual work, form the basis of this doctrine, in order to assist accumulation of capital in varied forms the State is empowered to take part in fields where individual labour or capital are insufficient or in fields where public welfare is at stake. From this point of view the distinguishing feature of the Kemalist régime is that it is both constructor and constructive.

Its basic foundations are: General welfare of the Turkish nation, economic efficiency of Turkey, creation of harmonious economic structure and continuous expansion.

STATE AND INDIVIDUAL.

RESPECTIVE ROLES.

The following conclusions are deduced from the previous explanation. In the Kemalist régime:—

(1) State intervention is for the purpose of expanding the business fields of private enterprises, and not for the purpose of conciliation between class interests. The latter are the fields in which State control has been deemed necessary by the people for the national existence and protection.

(2) The name given to our economic policy is "Planned Economy." Its principles have no relation to those doctrines or theories that have evolved in different countries under different conditions, or merely imported into others during the last decades as articles of fashion.

The Kemalist régime has not only reformed the institutions but has also given a new mentality to the nation.

It is not a blind conviction, but it is a régime which considers that it is essentially important that ripe thought and careful consideration should precede any rational action.

Theory and application working together, the Kemalist régime has always kept in mind the experiences of countries that have travelled similar roads since the beginning of the eighteenth century, and is leading the Turkish nation, with her sound structure, to her economic goal.

POLICIES IN APPLICATION.

A TECHNICAL MATTER.

It is not necessary to mention that the application of these principal policies has a large scope extending to all Government organisations and works, and that it is connected in a harmonious way with the other functions of the State.

It is for this reason that one finds in article 23 of the Kemalist Party programme a provision which states, on the one hand, that the Party considers the economic system to be not a régime but a technical matter, and, on the other hand, the following statement which stipulates the national economic doctrine:—

"23—We consider it essentially important that all the activities of the Government, no matter to which Ministry or Department it pertains, should definitely be profitable and useful.

"We also believe that the old laws and methods will be altered in due time.

"Although our Party gives great importance to economic activities, it, nevertheless, considers such activities as only one branch of many equally important State duties."

The application of our economic doctrines by different Ministries was decided upon at the fourth congress of the Peoples Republican Party, and was promulgated in the Party's programme.

The application of the doctrine by the different Ministries is being carried on under plan and with close co-operation. Here are its main bases:—

To keep balanced the Turkish Budget.

To have a favourable balance of trade and payment.

Unconditional fulfilment of State engagements and prompt payments of her obligations.

C. Bayar

To avoid everything that is liable to decrease confidence in the stability of the Turkish currency.

To keep confidence and stability in Turkish business enterprises, both as regards capital and men.

To convert all Governmental Departments into businesslike organisations which will help private enterprises and public welfare.

SATISFYING FACILITIES.

FOREIGN TRADE.

The situation may be outlined in one sentence as follows:—

In Turkey, where there is a great endeavour to build up, in most technical way, the economic structure of the country, the field for private enterprise, capital investment and for business co-operation is such as to satisfy even the most difficult business men.

The most important functions of the Ministry of National Economy with regard to the foreign trade may be divided into the following groups:—

(1) Foreign trade policy compatible with the national and international situation.

(2) Planned industrialisation.

(3) Rational policy for mining.

(4) Organisations and regulations which will create an atmosphere for rational working.

Foreign trade policy:—

Article 12 of the People's Republican Party programme includes the following statement:—

"12. In order to be able to arrive at a balance of payment we must first balance our trade.

"Our motto in foreign trade is: To buy the goods of those countries which buy ours."

This principle is the result of world conditions and in conformity with our general policy.

A—The three principal bases of our contractual commercial policy are as follows:—

(I) Bilateral agreements based on mutual concessions.

(II) The application of "the most favoured nation" clause: (a) Unconditionally with regard to Custom tariffs and other impositions on imports. (b) Conditionally with regard to the general regime of importation.

(III) A margin for Turkish exports over Turkish imports, payable in free foreign exchange for the purpose of meeting: (a) Our financial engagements. (b) Our payments for transport and insurance (as our exports consist of raw materials and foodstuffs and our imports of manufactured goods which are less bulky, payment on transport is always a burden on our foreign exchange reserves). (c) Our foreign exchange needs for other purposes.

Under the influence of world economic conditions, these principles led Turkey to accept the clearing system.

Approximately 90 per cent. of the foreign trade of Turkey is at present with countries with which she has a clearing or similar agreement. In the recent forms of these clearing agreements a greater chance is provided for transferable private compensation transactions, which made these agreements more practical for the business men and very close to the free trade system.

CLEARING SYSTEM.

TEMPORARY MEASURE.

The Clearing System is not a definite part of our main policy; if we can obtain the same results by another method, or if the economic conditions of the world demand the introduction of other systems, we will not hesitate to introduce them. In other words, it is a system which we deem at present necessary in order to obtain the above-mentioned results.

As it will be seen in the protocol of the Anglo-Turkish Trade and Clearing Agreement, the financing of long-term big enterprises is determined by special contracts.

B—The import regime of Turkey includes the following two principles:—

(I) Schedules attached to the clearing agreements, wherein the name of goods which can be imported to Turkey freely or within given quotas are enumerated.

As has been pointed out above, we do not accept the application of "the most-favoured-nation clause" in our general import regime.

We give the right of importation to specific goods of each country, in proportion to concessions, such as tariff reduction or engagement on their own part to buy a specific amount of Turkish goods, and in consideration of our production and consumption.

(II) The possibility of importation through our general import regime:—

This regime is determined and promulgated by a Ministerial decree called "Genel ithal rejimi Karari" (decree of general import regime). The new decree, which will enter into force on the 1st day of January, 1937, for a period of one year, is of a much more liberal character. In consists of the following schedules:—

(1) (S) schedule: includes goods which can be imported from all countries.

(2) (KL) schedule: contains all the goods which can be imported only from countries with which Turkey has a clearing or similar agreement.

(3) (V) schedule: includes goods which can be imported only with the special permission of the Ministries concerned.

Such permissions are usually accorded only to countries with which we have a favourable balance of trade or a clearing agreement. Governmental departments, municipalities, semi-official corporations and public utility associations may not make purchases from countries with which we have no clearing or similar agreement without a special decree permitting this to be done.

(4) (A) schedule enumerates goods whose importation will be permitted from countries which give special privileges or concessions to Turkish goods by bilateral clearing or similar agreements.

(5) (M) schedule contains goods whose importation is totally prohibited by the general import régime.

COMMERCIAL PAYMENTS.

THREE GROUPS.

(I) To countries with whom we have a clearing or similar agreements, commercial payments are made according to the provisions of such agreements.

(II) To countries with whom Turkey has a constant and substantial favourable balance of trade, and who do not subject Turkish goods to any discriminatory limitation and pay for them in free foreign exchange, we also pay in free foreign exchange.

(III) The proceeds of imports from countries with whom Turkey does not have a clearing or similar agreement and has an unfavourable balance of trade, or if the balance is favourable but not substantial or quickly changing, are blocked at the Central Bank of the Republic of Turkey and used by the exporter, or a third person to whom he transfers his right to purchase goods of Turkish origin and export them to the same country.

IN THE FIELD OF INDUSTRY.

PLANNED DEVELOPMENT.

The industrialisation of Turkey is a matter which she thinks is closely connected to her existence and independence. After this explanation, one can easily understand that the foreign trade policy of Turkey is not solely the result of the economic crisis.

The great European industrialisation activities of the 18th and 19th centuries had found the Ottoman Empire suffering under capitulations and the administration of an irrational monarchy. Just as the machine-manufactured goods of Europe wiped out the unprotected and centuries-old domestic industries of Turkey, so the mechanised agriculture of Europe ruined the Turkish farmers.

Museums are full of exhibits which testify that at those dates Turkey in art and industry was not behind, if not more advanced, than many other countries. From this point of view Turkish industrialisation activity is a sequel of the Lausanne Treaty, when the capitulations were definitely rejected and done away with.

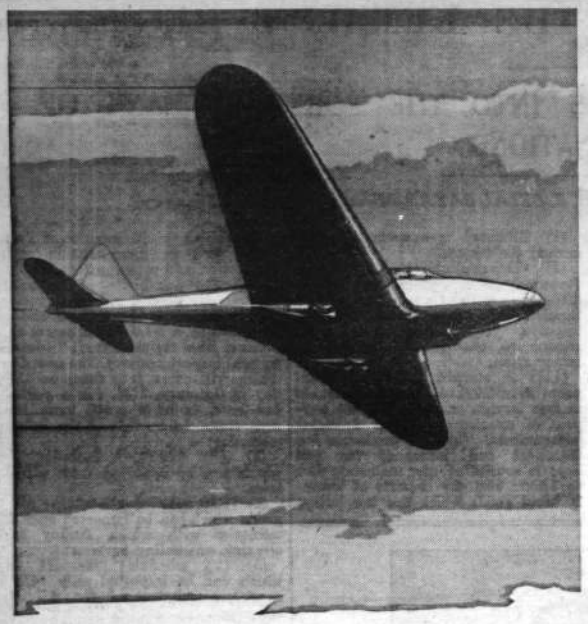
After having won her complete economic independence, the Turkey of Atatürk will soon reach the economic welfare she deserves. The internal value of her farm products will increase, the Turkish consumers will be able to provide the country's internal vital needs.

We do not claim economic self-sufficiency, but we are determined to produce and manufacture everything that is economically advisable.

It is for this reason that the Kemalist régime considers the industrialisation of Turkey to be one of her most important duties and glories.

Will the industrialisation of Turkey adversely affect her foreign trade? We have two answers to this question:—

Continued on Page Fourteen bottom Columns Three and Four.



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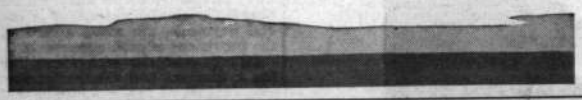

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BRANCH OFFICE AT BOURGAS, BULGARIA.

SORTING LEAVES IN ONE OF THE STATE MONOPOLY TOBACCO FACTORIES.

STATE MONOPOLIES UNDER THE TURKISH REPUBLICAN REGIME—II.

Continued from Page Twelve.

It will give an idea of the importance of the part played in the country by the Administration as a great industrial enterprise when one considers that the total number of employees and workers in its service amounts to 18,000 persons.

VI.—SALES AND REVENUE.

1. Tobacco—The increase in the volume of the products sold under the State régime is a proof that greater satisfaction is given to the consumers than under the old Régie. Compared with the 2,900,000 kilos sold by the Régie in its last year, the Monopolies Administration has succeeded in selling in its first year of activity 7,100,000 kilos. In 1935 the consumption was 12,000,000 kgs.

The increase in the quantity sold immediately influenced the receipts, which, as compared with £T.10,710,000 obtained last year by the Régie, rose to £T.21,500,000 in the first year of the Administration. In 1935 the profits exceeded £T.26,000,000.

2. Spirits and Alcohol—The annual total for duties levied on spirits and alcohol during the years preceding the proclamation of the Republic was less than £T.1,000,000. The Monopolies Administration succeeded in securing, during the nine years of its activity, as much as £T.6,500,000 annual profit for the Treasury.

3. Salt—Whereas the gross receipts obtained by the Public Debt had amounted only to £T.3,976,534, these same receipts for 1930, 1931 and 1932 exceeded T.8,000,000. But, since it was not the sole aim of the Government of the Republic to increase its revenue from salt, but rather to render the use of salt as cheap as possible, it accorded a reduction of 50 per cent. in the price.

4. Gunpowder and Explosives—The receipts from this monopoly also show a marked increase each year since it has been under the administration of the State.

The following figures show this progress :—

Year.	Turkish pounds.
1932	1,193,114
1933	1,650,753
1934	1,771,892
1935	2,147,224

In this brief survey we have only emphasised very rapidly the most important acts of an Administration which manages four very different monopolies.

Is it necessary to add that the Monopolies Administration, imbued with the principles of the Republican régime, inspired with the feeling and the love of duty, prosecutes with ardent patriotism its ever-increasing contribution to the prosperity of Turkey.

ECONOMIC DOCTRINE OF THE KEMALIST REGIME—II.

Continued from Page Thirteen.

(1) Turkey has the capacity to be one of the most important countries which can provide agricultural, industrial goods, food stuffs and raw materials for European markets. The industrialisation of Turkey will increase both her production and exportation, as regards quantity and quality.

(2) History plainly shows that, in spite of arguments against it, exchange of goods between the newly industrialised and the old industrial countries has always increased. The history of Germany is a good example, in this respect.

Turkish manufactures have a large internal market.

This will also tend to increase our imports, both in quantity and variety. There is no limit for human needs. It is therefore wrong to attribute the causes of the world economic crisis, even in theory, to over-production.

Both in the national and in the international field any amelioration in the welfare of the family is a social and economic gain. Any country which follows this path cannot fail to command admiration, if one is not slave to meanest self-interests.

The planned industralisation of Turkey was decided on in the year 1934 and the establishment of the following industries was included in the first five-year plan.

(1) Textile industry (cotton, wool, jute).
(2) Mining industry (iron, semi coke, coal, copper and sulphur).
(3) Cellulose industry (paper, cardboard and artificial silk).
(4) Glass ware industry (glass wares and pottery).
(5) Chemical industry.

Two-thirds of this plan were already realised before their term. Details of the second five-year plan will soon be published.

This plan includes: synthetic gas, oil refinery, coal, lignite and chemical industries, electrification of Turkey and canning industries, such as fish, fruits and vegetables.

In the realisation of our plan, we made use, where possible, of our Turkish elements, and we invited foreign experts for work where they would be useful. Parallel to the application of our industralisation plan and to facilitate its financing, we improved and increased our agricultural and mineral production. At the same time we are sending large numbers of students to Europe and America to specialise themselves in different fields.

As we have punctually paid all our debts arising out of the application of the industrialisation plan (as we did for all our other engagements), we are in a position to meet all future engagements. In other words, our financial plan always precedes our industrialisation plan, and in this way once we announce the construction of any plan its means of construction are already at hand.

The "Sümer Bank" is established for the purpose of the application of our industrial plan on a basis of modern business technique and principles.

MINING POLICY.

After careful and most technical research and investigation we found that Turkey possesses very rich mineral deposits. Our mines will be our most important means of payment in the economic construction of Turkey.

"The Institute for Mineral Research and Investigation" has been created for the purpose of studying the underground wealth of Turkey. It will report its findings to the "Eti Bank," which is established for the purpose of exploiting our mineral deposits in the most technical and businesslike way.

In order to avoid waste in the exploitation of the privately-owned mines, a new law has been enacted to this effect. In this way mining concessions have ceased to be an object of speculation.

I must add here, that the new law will greatly help those who are in mining enterprises and will facilitate their success.

(4) Even to mention the other changes that have taken place in our organisation and our laws and regulations would unduly enlarge the scope of this article. Among them, though, we may just mention the following :—

(a) Encouraging national savings;
(b) Stabilisation of the credit and money market.
(c) Organisation of co-operative societies for commercial purposes;
(d) Standardisation and rationalisation works in general.

The Kemalist régime considers an exporter as a man who represents the honour, the reputation and the morale of Turkey abroad.

I believe this is a clear expression of the importance we attribute to our foreign trade.

EFFECT OF STATE FINANCIAL POLICY ON STABILITY OF TURKISH CURRENCY.

CONSTANT GOLD VALUE MAINTAINED DURING SEVEN YEARS.

SATISFACTORY INCREASING STRENGTH OF THE NATIONAL BANK OF ISSUE.

Specially contributed to "The Financial Times" by SELAHADDIN CAM, Governor of the Central Bank of Turkey.

BEFORE the world war, the currency system of Turkey was that of a somehow limping bimetallism; gold was freely struck, while on the other hand, the coinage of the heavier silver pieces had ceased long before. The monetary regulations were amended during the war and substituted gold-monometallism for the old system.

Legally, the Turkish monetary unit is the gold piastre, a pound being subdivided into 100 piastres.

The former, though, is used in practice as a monetary unit; it has an intrinsic value equal to 7.21657 grams of gold, 916 2-3rds fine—that is, it contains 6.615 grams of fine gold. (The gold content of a sovereign is 7.988 grams of the same standard, or 7.322 grams of fine gold).

PRE-WAR CIRCULATION.

Throughout the pre-war period, almost the whole circulation consisted of gold, silver and billon coins, though paper money was not completely unknown.

In fact, the notes of the Ottoman Bank—endowed with the privilége of issue since 1863—were in circulation, but more in business circles than among the general public. For reasons too lengthy to explain in this brief survey, a fiduciary circulation was hard to acclimatise in the country.

In 1914, on the eve of her entry into the war, Turkey had an estimated metallic circulation of approximately £T.50,000,000, as against a total amount of £T.2,000,000 in notes of the Ottoman Bank, then at the height of their development.

WAR-TIME FINANCE.

Paper Money.

Like any other belligerent Power, Turkey could not have financed the war without creating legal tender paper money. For different reasons, also, the Ottoman Bank could hardly have assumed any liability for such an issue. The Government was thus reduced to it own credit to back the new notes, which were not, though, totally deprived of a moral and material guarantee during wartime. By the end of the hostilities there was an outstanding issue of £T.158.8 millions in Treasury notes, to say nothing of a small quantity of notes of the Ottoman Bank.

When, after a short period of armistice, full of despair and desolation, Turkey waged a fresh war of independence in Anatolia, the new Government had actually taken charge of this circulation. We may trace back to that date the origin of the watchful importance attached by the Turkish Government to national currency and to all problems connected with it.

WORLD REPERCUSSIONS.

State Control.

In that two years of momentous strife which followed the armistice (1920-22), the Anatolian Government never thought, in its most needy moments, of resorting to inflation. When the national struggle of freedom was over and the new régime became firmly settled, a batch of notes equivalent to £T.158,748,563 was handed over to the Central Bank when the latter commenced business on 3rd October, 1931. This was the exact amount bequeathed to the Republic by the ill-fated Empire.

The same factors that had contributed to debase the currencies of so many countries determined the depreciation of the Turkish pound in the worst circumstances that could be imagined for a State dismembered by war and still constrained to pay a heavy price for its independence.

If we exclude a gold reserve of £T.6.5 millions constituted in Austria during the war, but forfeited to the Allies at the armistice, the Turkish currency remained with no other cover than the bare credit of the State. The new régime has ever since done its best, and succeeded, to hold this credit beyond the reach of the slightest possible shock.

It may be assumed that, even without a material reserve, and in spite of the lack of any technical management until 1930, the national currency has never known a decline comparable to that experienced in most countries; at any rate, in the immediate neighbourhood of Turkey.

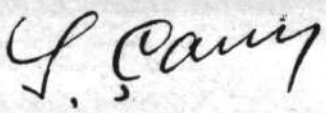
The following table shows, in terms of sterling and pre-devaluation dollars, the rates of exchange of the Turkish lira, as from the end of the war to 1929:—

—	£T. to £.	$ to £T.
1922	7.28	0.61
1923	7.65	0.60
1924	8.39	0.52
1925	8.94	0.53
1926	9.34	0.52
1927	9.50	0.51
1928	9.56	0.51
1929	10.08	0.48

By the end of 1929, under the influence of various technical causes, the Turkish currency passed through a serious crisis. The pound sterling rose so abruptly to 1,100 piastres, that the Government felt compelled to intervene, and, later on, to institute exchange control as from February, 1930. On the same date, the rate of exchange of the pound sterling was practically fixed to £T.10.20.

But when Great Britain went off the gold standard in September, 1931, the Turkish currency was divorced from the pound sterling and pegged on the French franc at a fixed rate of £T.1 equals 12.06 French francs.

As a matter of fact, the fate of the national currency was never bound up in that of the British or of the French currencies. All efforts aimed at a de facto stability of the national currency in terms of gold, so that when the French franc was recently adjusted, the Turkish lira departed from the previous parity of £T.1 equals 12.06 French francs, and kept its constant gold value, as it had done unswervingly for some seven years.



NOTE CIRCULATION.

No Inflation.

A law passed in 1930 laid the foundations of a national bank of issue in Turkey. This institution was initiated in October, 1931, with a nominal capital of £T.15,000,000. It took charge of some 158 millions Turkish pounds' worth of outstanding notes, which were so far unsecured and began then to be guaranteed by a steadily increasing metallic cover.

The reserve consisted of 6,127 kgs. of gold in 1931, but it soon reached 14,533 kgs. in 1932, 17,695 kgs. in 1933, 19,522 kgs. in 1934, 20,960 kgs. in 1935, and finally exceeded 21,000 kgs. in 1936. The ratio of the sight liabilities to the gold reserve was, of late, over 15 per cent. and below 20 per cent.

The note circulation which was transferred to the bank by the State is practically immune against any form of abnormal inflation, since its volume is liable to extend slightly, under the stress of seasonal business needs, only, but soon returns to its initial level.

The following figures show the outstanding notes as at the end of each year:—

(000's omitted.)	
1931	£T.165,587
1932	148,582
1933	146,826
1934	158,157
1935	162,754
1936 (end of September)	152,948

It is a well-known fact that, apart from being a standard of value and a means of exchange, money has an additional function as a device for thriftiness.

NATIONAL THRIFT.

Savings Deposits.

It may be safely stated that the present rulers of Turkey ignore totally the tendency, so widespread nowadays, to make light, both in theory and practice, of this precious quality. The continually increasing savings deposits with the national banks (shown in the following figures) did not fail to reward the supporters of this policy of thrift.

(000's omitted.)			
1924	£T.13,157	19 0	£T.116,011
1925	47,875	1931	115,575
1926	41,769	1932	111,969
1927	52,700	1933	121,105
1928	77,923	1934	124,047
1929	116,790	1935	136,633

Because they were fully conscious of the close relationship between national thrift and public confidence regarding monetary matters, the Turkish Government did not, when they learned the currency alignment in France and elsewhere, hesitate to proclaim once more, and on the very day, by a communiqué to the Press that they had not the least intention of manipulating the value of the national currency.

The new régime has concluded but a few interior or exterior loans. The anxious desire to secure equilibrium in the Budget and between imports and exports of foreign exchange has always held back the Government from any unproductive loans and debts.

This sound policy has had such a beneficent effect on the stability of the Turkish currency that it has enabled the country to weather the economic storm which has been devastating the world, and even to restore the public finances.

Public revenue, as shown in the following figures for recent fiscal years, provides proof of this improvement:—

(000's omitted.)			
1928-29	£T.218,924	1932-33	£T.180,467
1929-30	218,532	1933-34	173,514
1930-31	190,196	1934-35	P09,921
1931-32	168 228	1935-36	£35,266

THE CENTRAL BANK OF THE REPUBLIC, ANKARA.

ANGLO-TURKISH INDUSTRIAL CO-OPERATION—I.

INTERMEDIATE CREDIT.

NEW INTERNATIONAL TRADE MECHANISM.

Specially contributed to "The Financial Times" by
S. N. KARLINSKI,
Managing Director, Industrial Facilities Corporation, Ltd.

AS Managing Director of Industrial Facilities Corporation, Ltd., I welcome the opportunity of contributing to this Supplement. Our corporation has been intimately concerned with the negotiations leading to the signature of, firstly, the recent Anglo-Turkish Comptoir Agreement, and subsequently, the contract between H. A. Brassert and Co. and the Turkish Government through the Sümer Bank, Ankara, for the construction of an iron and steel plant at Karabuk in Turkey. Together, these mark a new era in Anglo-Turkish commercial relations, and therefore it is worth while to examine their significance.

The history of the fundamental change in Turkey's well-being in the past fourteen years will doubtless have been fully dealt with by the other contributors to this Supplement. Kemalist Turkey has demonstrated to the world that a nation can win its rightful place among the Powers by planning and carrying out a policy of sound economic development. It is noteworthy that immediately the war of independence was over Mustapha Kemal Ataturk concluded, on terms of perfect equality, treaties of friendship and trade with his neighbours, although these neighbours, except for Iran, had, prior to the Great War, been either rivals or subjects of Turkey.

ECONOMIC DEVELOPMENT.

Official Policy.

What is the motive power and the objective of Turkish nationalism? This is not wholly a political question. On the answer to it depends the formulation of our economic policy towards Turkey.

The Turks have given us reason to believe that their nationalism is not aggressive. It is a constructive movement, evolved to consolidate and orient the country's resources towards the material and cultural advancement of the nation.

The New Turkey has become conscious of her capacity to develop her sources of wealth and is accordingly remodelling her economic organisation so as to raise the standard of living of her people. An intense effort is being made in every sphere: agriculture, manufacturing industry, mining, hygiene, education, and even archaeology. Research Institutes, Banks, Universities, with their allied organisations, have been set up to plan and control the national development of factories, mines, railways, bridges, harbours, highways, aerodromes, electricity undertakings, waterworks and other public works. These interdependent activities are well co-ordinated and offer great opportunities to British engineers and industrialists.

Although the economic development of Turkey is being encouraged to the limit of her capacity, economic self-sufficiency is not the ultimate objective. Turkey's desire is not so much to stand alone as to equip herself efficiently to play her part among the nations of the world.

Until the advent of Kemal, Turkey's natural resources had been neglected or abandoned to the speculator. Dumped imports were permitted to kill home industries. The New Turkey, while remedying the evils of the old regime, has avoided the creation of new ones. By eschewing a policy of isolation and self-sufficiency, and by prudent regulation of her imports, the exchange of goods between Turkey and other countries should increase steadily as the purchasing power of her people and their standard of living rise. In this way Turkey will maintain stability at home and inspire confidence abroad.

There is one condition upon which our Turkish friends insist in their dealings with foreign nations, a condition which we in this country accept without reservation. It is that no onerous burden incompatible with the independence and dignity of Turkey should attach to any international transaction to which Turkey is a party. In exchange for their raw materials the Turks wish to procure the benefit of foreign industrial experience and services: but they desire fair terms and rightly insist on remaining masters in their own house.

KARABUK CONTRACT.

Its Conception.

In pursuance of her policy of consolidating her new independence, Turkey in 1934 initiated her first five-year plan. One of its principal features was the projected establishment at Karabuk of a complete iron and steel plant. The works were to be of sufficient capacity to meet the growing industrial steel requirements of Turkey so as to make her independent of foreign iron and steel products.

The scheme is the result of careful calculation and mature consideration. The raw material resources exist in sufficient quantity and quality. Labour is plentiful and the will to learn from experienced advisers, with a view ultimately to shouldering full responsibility, is apparent. Everything, therefore, points to the success of the project as an economic venture.

The Turkish Government selected and defined the site of the projected works on the right bank of the River Soganli at Karabuk, and surveyed the world for specialists to advise and assist them in the installation and operation of the new enterprise. In the end Great Britain, through the medium of Messrs. H. A. Brassert and Co., was awarded the privilege of rendering this signal service to New Turkey.

The activities of Messrs. H. A. Brassert and Co. cover every phase of the metallurgical and allied industries, including coal and petroleum and the chemical industries associated with the processing of coal and its by-products. Messrs Brassert's noteworthy achievements in recent years include their work in connection with the regionalisation and reorganisation of the British iron and steel industry; the reconstruction of the works of the Lancashire Steel Corporation in 1932; the successful introduction of the basic Bessemer process of steel-making at the Corby works of Messrs. Stewarts and Lloyds in 1934.

The works at Corby, for the setting up of which Messrs. Brasserts were responsible, have a productive capacity of over half a million tons per annum. Brasserts have carried out similar work in America and in various European countries.

They are intimately acquainted with the most recent developments and improvements in the technical processes and operations connected with the iron and steel industry. Consequently, no firm could have been better fitted to undertake a major project of the magnitude and importance of the Karabuk Iron and Steel Plant. Their specialised experience in this field is probably unrivalled.

Messrs. Brasserts, in the first instance, accepted the invitation of the Turkish Government to advise on the Karabuk technical problem. This problem, apart from its special interest, was unique, as it concerned the establishment of an iron and steel industry in a country where nothing of the kind had previously existed.

Moreover, the plant had to be self-contained and complete to a degree considerably in excess of that required in countries where similar units already existed, and where experience of the manufacture of steel had already been obtained. Consequently, not only blast furnaces, rolling mills, etc., required to be installed, but a pipe foundry and other such units not ordinarily called for in English steel works or in countries where the industry was already established, had to be included.

The preliminary ground having been carefully examined, the question of finance had to be faced. It was obviously necessary to be satisfied that Turkey was able to pay for the services she required, and that the payment would reach us in acceptable form. It was only when these facts had been satisfactorily established that the assistance of the Export Credits Guarantee Department could be sought.

Accordingly, a mission was sent to Turkey, and an exhaustive survey disclosed firm finances, a balanced Budget, strict State accountancy and actual and potential mineral resources destined to play an important part in Turkish exports and economy.

INTERMEDIATE CREDIT.

Export Credits Guarantee Dept.

The Turks wanted to pay for the iron and steel plant over a period of years. How could the necessary credit be arranged?

For a century, London has been the international money market with an elaborate organisation for the issue of long term international loans and for the financing of short term risks. But, until the Export Credits Guarantee Department took the matter actively in hand, a gap existed in the system. This was recognised by the Macmillan Committee on Finance and Industry, which recommended that facilities should be provided for the financing of long term contracts abroad, in order to obviate the withdrawal of British enterprise from a field in which Great Britain had been so prominent in the past.

Of recent years the instability of foreign markets, the manipulations of currencies, the imposition of quotas, and other restrictions have multiplied the risks of international trade. So much so, that overseas representatives on the spot could no longer possess or convey reliable intelligence for the guidance of exporters.

Continued on Page Seventeen.

ANGLO-TURKISH INDUSTRIAL CO-OPERATION—II.

—Continued from Page 16.

With the best will in the world it has been very difficult during the past few years for any private institution or group of institutions to accept the political risk involved in granting credit to foreign countries for a period of years. Yet international crises have proved that one of the most powerful contributory factors in the restoration of international trade would be the ability and willingness of this and other great creditor nations to give credit to approved foreign buyers desiring capital goods.

A solution of this problem was found by the establishment of the Export Credits Guarantee Department of the Board of Trade. This Department has been practising credit insurance for a number of years; but it is only comparatively recently that, after extensive experience in short term credit, it turned its attention to the new field of medium term credit. In this way the Department has made possible the introduction of the principle of intermediate credit as a practical commercial instrument.

Before offering its guarantee, the Export Credits Guarantee Department is bound by Statute to obtain the advice of its Advisory Committee composed of bankers, insurance experts, industrialists and merchants of experience and repute. The Department, in addition to its liaison with other Government Departments, is in intimate contact with diplomatic representatives and commercial agents. It is self-supporting and costs the taxpayer nothing.

The procedure employed by the Department is on the following lines. The intending exporter of goods to a foreign country applies to it for a guarantee to cover the whole or part of his export transaction.

It is the function of the Department to obtain information regarding the solvency of the customer in question, the saturation of the market concerned, etc., to assess the premium in proportion to the risk incurred in the particular transaction, and ultimately to place the exporter in a position of security.

British exporters have not been slow to appreciate the value of the unique service thus made available to them.

The successful working of this Department is an excellent illustration of the manner in which the City collaborates with Whitehall, and also of the manner in which we in this country can adjust our perspectives and methods to meet changing conditions.

ANGLO-TURKISH COMPTOIR.

Novel Instrument.

When the British mission went to Turkey, almost the first problem to which it had to apply itself was the evolution of a method by which Turkey could definitely provide the necessary sterling to meet the payments for the iron and steel plant as they fell due. The Turkish Government is now in the middle of a five year plan for the industrialisation of Turkey and it contemplates entering into an even more ambitious second five year plan.

It looks to the rapid development of the unexploited mineral wealth of the country to provide in the first instance the currency necessary to pay for the capital goods that are required from abroad to assist in its programme.

The policy of Turkey during the past few years has been to establish equilibrium between imports and exports through clearing agreements. The Turks therefore entered into negotiations with us to establish a semi-private clearing arrangement called the Anglo-Turkish Comptoir to develop production of certain minerals and their sale through the London market.

On 29th September, 1936, the Anglo-Turkish Comptoir Agreement was signed in London. The delicate financial machinery of the Comptoir has since been carefully worked out to the satisfaction of Turkish and English authorities, and the Comptoir will start to function in the near future.

It is understood that Turkish minerals not previously exported to any appreciable extent will be sold through the English market in quantities sufficient to provide sterling considerably in excess of requirements of the Karabuk Iron and Steel Works payments. It is the intention of the Turkish authorities to create a substantial surplus and also that this surplus will form the basis of further purchases in England.

BRASSERT CONTRACT.

Beneficial Repercussion.

To all appearances the Brassert contract is an ordinary bilateral agreement between Messrs. Brasserts and the Turkish Government. In reality, however, it is a multilateral instrument, novel in conception and execution. Not only are there many parties to this agreement, but representatives of financial, industrial, mining and commercial interests are involved. One by one they have been introduced into the negotiations at suitable stages, with the object of securing the maximum of co-operation with a minimum of expenditure of time and energy. In this connection the Industrial Facilities Corporation was in a position to draw on experience previously acquired in carrying through intermediate credit operations in association with the Export Credits Guarantee Department. To cite an instance, the £5,000,000 Westinghouse-Polish State Railways contract concluded in 1934. This was the first contract of its kind, in fact a pioneer contract, and its working has proved to be markedly successful and satisfactory to all parties.

When it became clear that the Anglo-Turkish Comptoir would be likely to work effectively, the Export Credits Guarantee Department intimated that it would be prepared to grant the necessary facilities.

The final negotiations were concluded in the face of the strongest competition from Germany. On 1st December, 1936, the contract was signed and on the 30th of the same month it was formally ratified. Work on the contract has started and the construction period is estimated at 2½ years.

The repercussions of the achievement will be many and varied. In the City increased interest and confidence are already apparent in Turkish business. So far as the Brassert contract is concerned the City has been instrumental in securing an appreciable amount of work for this country, and above all a very valuable friendship. Turkey, it may be said, stands in a privileged position. Not only is she enjoying the best value obtainable in the most favourable market, but she is winning the confidence of the British business community.

In conclusion, I would express my steadfast belief, which I know is shared by all who took part in the negotiations leading to the Anglo-Turkish Comptoir agreement and the Brassert contract, that this new type of international transaction will tend to promote mutual understanding between different nationalities and encourage practical co-operation among them.

M. MACKENZIE, DIRECTOR, H. A. BRASSERT AND CO.

H. A. BRASSERT, CHAIRMAN, H. A. BRASSERT AND CO.

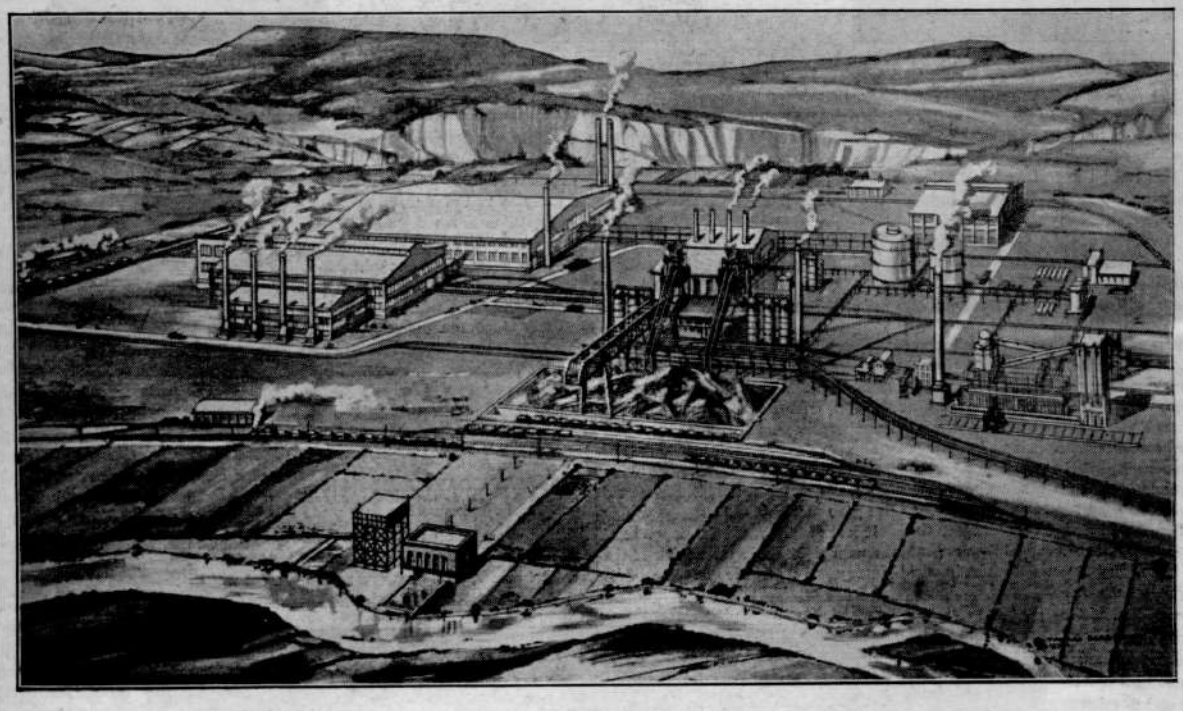
J. MILES, MANAGING DIRECTOR, H. A. BRASSERT AND CO.

SIGNING OF THE ANGLO-TURKISH COMPTOIR AGREEMENT AT INDUSTRIAL FACILITIES CORPORATION OFFICES, LONDON, ON 29th SEPTEMBER, 1936.

H. A. BRASSERT & CO. LTD.

GRANITE HOUSE,
CANNON STREET,
LONDON, E.C.4.

CONSULTING ENGINEERS
TO THE IRON AND STEEL AND ALLIED INDUSTRIES.



GENERAL VIEW OF PROJECTED KARABÜK IRON AND STEEL PLANT.

THE CONTRACT FOR BUILDING THIS PLANT HAS BEEN ENTRUSTED TO H. A. BRASSERT & CO. LTD., UNDER WHOSE SUPERVISION THE WORK WILL BE CARRIED OUT. ASSOCIATED WITH THEM ARE LEADING BRITISH MANUFACTURERS AND ENGINEERING CONTRACTORS.

ALL MACHINERY AND EQUIPMENT WILL BE MANUFACTURED IN GREAT BRITAIN.

ANGLO-TURKISH COMMERCIAL RELATIONS STRENGTHENED BY NEW AGREEMENT.

COMPLEMENTARY ECONOMIC STATUS OF EACH COUNTRY.

Specially contributed to "The Financial Times" by H.E. FAIK KURDOGLU, Under-Secretary of State for National Economy.

TURKEY and England are two of the most important countries that produce or manufacture articles of world fame. Just as the English iron and steel manufactures and textiles are famous throughout the world, so Turkish tobacco, figs, raisins, hazelnuts and carpets enjoy great reputation in international markets. It is a well-known fact that these goods of the two countries have always proved superior in quality to those of their competitors everywhere.

It is, therefore, quite natural that English iron and steel manufactures and textiles should be so much sought after in Turkish markets, and that Turkish tobaccos, dried fruits and carpets should always be preferred in the U.K. to those of other origin.

The U.K. has at all times been one of the countries which occupied an important place in Turkish foreign trade. Thirteen per cent. of our total imports in the years 1926-28 were from the U.K., and during the same period eleven per cent. of our total export went to the U.K.

Both countries have suffered a great deal from a gradual fall of this percentage since 1929. Diagram No. 1 shows the percentage distribution of Turkish foreign trade for the years 1924-35.

In 1924 the United Kingdom shared 16 per cent. of the total Turkish foreign trade, while in 1935 this percentage figured at only 8.

EXCHANGE OF GOODS.
REASONS FOR DECLINE.

The reasons why exchange of goods between the two countries has declined from year to year, notwithstanding the fact that Turkey and England are natural outlets of each other's products, are as follows:—

(1) English foreign trade has greatly suffered from an economic crisis that came earlier to England than to other countries;

(2) England's return, in 1925, to the gold standard on the high pre-war gold parity has brought about a rise in the prices of English goods as compared with international prices, and consequently other countries' goods have successfully competed with English goods in Turkish markets, as they did in other markets;

(3) After the Ottawa Agreement, Turkish products could not compete with Empire goods in English markets and the result was a serious decline in Turkish exports to England;

(4) As the Turkish foreign trade policy, since 1932, has been to import only the products of those countries which bought from Turkey, in the face of declining exports to England after the Ottawa Agreement, import of English goods was restricted;

(5) When the world depression came, Turkey instituted the "clearing system," in order to protect her national economy, but as England continued to pursue a free commercial policy, declining for a long time to accept the "clearing system," she was deprived of benefits given to other countries by clearing agreements.

TRADE AND PAYMENTS.
SIGNED AGREEMENT.

With the Anglo-Turkish Trade and Payments Agreement signed in Ankara on the 4th June, 1935, the United Kingdom has again enjoyed the same allowances in Turkish markets as did her competitors; but as the clearing agreement was only one-sided it did not work well, in spite of an approximately balanced trade between the two countries. And consequently a sum of nearly a million pounds sterling is accumulated in the Central Bank of Turkey on the credit of English exporters.

The following reasons are given for the bad working of the above-mentioned clearing agreement in spite of the existence of a balanced trade between Turkey and the United Kingdom:—

1. Allowances made without counter part:—

(a) United Kingdom goods of a value of £300,000, accumulated in Turkish Custom houses on the 4th June, 1935, were permitted to be imported into Turkey without restriction;

(b) United Kingdom goods, imported into Turkey between the dates of 4th and 20th June, were also permitted to be imported without restriction and the result was that all the English goods then in nearby transit ports were imported into Turkey.

2. Technical shortcomings:—

(a) The English Government did not make it compulsory for all Turkish goods imported into the U.K. to be accompanied by a certificate of origin, and consequently a great deal of Turkish exports went to England indirectly by the intermediary of a third country and their payments were never made to Turkey, and as a result the clearing accounts have never balanced.

(b) As there was no obligation for English importers to pay for their imports into the Turkish clearing account, many have made their payments directly, by sending cheques to Turkish exporters in the ordinary way. The Turkish Government has taken every possible measure to collect these payments, and by the Decree of the 20th March, 1936, the sale of such foreign exchanges to the Central Bank was made compulsory. Thus, in spite of an approximately balanced trade between the two countries, the Trade and Payments Agreement of the 4th June, 1935, did not work well, against all expectations.

FRESH NEGOTIATIONS.
COMPREHENSIVE RESULT.

On the other hand, exchange of goods on the basis of private compensation was narrowly restricted in the above-mentioned Agreement, which also did not contain any clause for re-exports from England. Therefore, the Agreement in question, instead of increasing the exchange of goods between the two countries—as did similar but more comprehensive Clearing Agreements Turkey has concluded with other countries—caused the trade between Turkey and the U.K. to diminish.

As a result of personal contacts and exchange of notes between the two countries, these facts were realised and agreed upon, and, on the invitation of the British Government, the Turkish Government sent a delegation to London late in July, 1936, to effect a modification in the Trade and Payments Agreement of the 4th June, 1935.

After a negotiation which lasted a month an "Anglo-Turkish Trade and Clearing Agreement" was concluded and signed on the 2nd September, 1936.

When compared with the previous one, it is clearly seen that the new agreement is more comprehensive and complete:—

1. The old one was a lame Clearing Agreement, while the new one is complete and double sided;

2. As both parties to the Agreement have accepted the system of a compulsory certificate of origin, goods for which payments are made into the clearing accounts cannot be of other origin than Turkish or English;

3. It is provided in the new Agreement that payments for all the Turkish goods imported into the United Kingdom, from whichever country they may be imported, must be made into the Turkish clearing account. It is therefore expected that the clearing accounts under the new agreement will balance;

4. The fact that much greater possibility is provided in the new Agreement to private compensation transactions, it is hoped, will increase the exchange of goods between the two countries;

5. It is provided in the new Agreement that English re-exports up to an annual value of £75,000 will be permitted to be imported into Turkey by way of private compensation;

6. It is also provided that payments for goods of United Kingdom origin sold in fairs and exhibitions which will be held in Turkey will be permitted to be effected either by way of clearing or by selling to the English exporter Turkish goods of a value corresponding to 100 per cent. of the value of such English goods;

7. In order to facilitate the transfer of the deposits in favour of English exporters accumulated in the Central Bank the following possibilities are provided in the new Agreement:—

(a) Any such United Kingdom creditor may purchase Turkish goods enumerated in the fourth schedule of the agreement, and thus liquidate his account without waiting the chronological order,

(b) In case the erection of iron and steel works in Turkey is adjudicated to the firm H. A. Brassert and Co., 20 per cent. of the proceeds of the sale of Turkish minerals remaining after the instalments of the said works have been paid off to the above-mentioned firm will be allocated to the liquidation of the deposits in the clearing accounts,

(c) A sum of £50,000 will be transferred to the clearing account for the settlement of claims in respect of sums paid by United Kingdom importers directly to Turkish exporters between the dates of 4th June, 1935, and 20th March, 1936,

(d) The foreign exchanges sent by English importers to Turkish exporters in payment of Turkish goods effectively imported into the United Kingdom between the dates of 20th March, 1936, and 17th September, 1936, when the new agreement came into force, and sold to the Central Bank will be transferred to the clearing account.

It is firmly believed that as a result of these measures the transfer of the sums accumulated in the Central Bank to the credit of United Kingdom exporters will shortly be complete. Thus it is certain that the trade and clearing agreement dated 2nd September, 1936, will greatly facilitate the development of the exchange of goods between the two countries.

TURKISH EXPORTS.
TO UNITED KINGDOM.

As Turkish export articles form the main import articles of the United Kingdom and the English export articles are the main import articles of Turkey, there can be no reason why trade between the two countries should not increase and flourish on a large scale. It can never be doubted that the commercial relations, like the political relations, between the two countries, which are economically complementary to each other, will in a short time take a satisfactory and progressive course.

As Turkey exports agricultural goods mainly, the greater part of her exports to the United Kingdom also consists of such products.

The table below shows the amount and value, according to the Turkish statistics, of direct exports of Turkish products to the United Kingdom for the last few years:—

(V=LT.1,000. Q=Metric tons.)

—		1930.	1933.	1934.	1935.	1936. (7 m'ths.)
Millet and canary seed	V	215	171	85	292	42
	Q	2,246	4,398	1,989	3,300	556
Oats	V	116	100	54	—	—
	Q	2,279	4,698	1,517	5	—
Chick peas/ horse beans	V	115	64	245	109	1
	Q	1,395	2,663	6,205	2,400	22
Barley	V	67	118	437	71	—
	Q	1,399	3,912	2,702	1,687	—
Bran & other similar by-products	V	172	493	254	82	19
	Q	5,959	20,826	12,828	3,452	823
Raisins	V	2,110	1,395	1,689	1,682	354
	Q	6,847	9,370	7,775	12,475	2,589
Figs	V	1,068	1,018	596	729	41
	Q	4,795	6,609	5,658	6,937	371
Nuts	V	622	407	566	568	129
	Q	1,487	1,057	909	991	254
Olive oil	V	71	54	·09	154	—
	Q	206	134	439	642	—
Eggs	V	—	6	77	5	—
	Q	—	24	467	22	—
Tobacco	V	826	174	6	110	16
	Q	491	268	18	117	16
Attar of roses	V	11	38	10	14	1
	Q	27	145	70	145	6
Opium	V	159	425	—	218	69
	Q	16	58	—	20	8
Lumber	V	171	343	39	145	163
	Q	2,386	1,006	1,368	3,798	2,547
Maize	V	88	4	41	—	—
	Q	1,820	265	2,003	—	—
Cotton	V	1,706	50	5	—	—
	Q	3,185	109	174	—	—
Skins	V	128	75	31	5	—
	Q	125	85	51	6	—
Furs	V	482	450	390	206	92
	Q	24	32	27	20	4
Wool	V	59	56	28	5	1
	Q	74	191	111	32	1
Mohair	V	2,300	1,163	228	9	32
	Q	2,446	2,248	466	9	42
Jute & Flax	V	—	31	·2	17	5
	Q	—	178	307	51	13
Cotton seed	V	664	15	38	25	14
Flax seed	Q	18,148	589	1,390	781	500
Chromium & manganese ore	V	146	248	150	120.5	8
	Q	1,885	7,966	4,776	6,262	1,017
Carpets	V	1,405	282	111	63	—
	Q	373	104	62	27	—
Other products	V	568	908	548	404.5	345
		7,766	5,340	7,527	9,345	6,992
		13,521	8,594	5,272	5,193	1,462
		70,033	81,534	78,409	63,734	20,667

It is clear from this table that export to the United Kingdom of oats, maize, barley, bran and similar by-products, eggs, tobacco, opium, cotton, raw skins, furs, wool and carpets has either totally stopped or showed a declining tendency. While the United Kingdom bought in 1930 £T.8,500,000 worth of these goods, this figure declined to £T.700,000 in 1935—that is, a decrease of 92 per cent. between the two dates.

MAIN EXPORT ARTICLES.
BRITAIN'S ABSTINENCE.

Importation into the United Kingdom of some of these products, which may be considered Turkey's main export articles, has almost totally stopped. For example, taking only two articles, Turkey exported to the United Kingdom in 1930 cotton and carpets to the value of £T.1,706,000 and £T.1,405,000 respectively, while in 1935 these figures were nil for cotton and £T.63,000 for carpets. Yet, if we look at the general import figures of the United Kingdom for these articles for the same years, we see nothing in the nature of so serious a decline as to justify the sharp fall we have just mentioned.

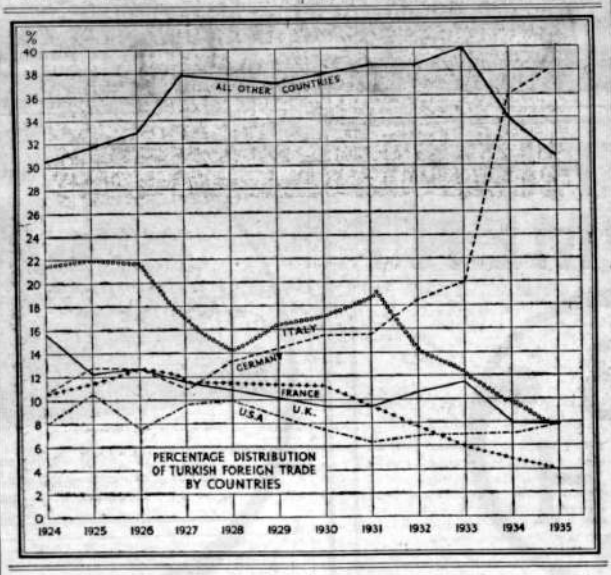
English imports for the same years of maize, barley, tobacco and wool have greatly increased, and the importation of other articles mentioned has approximately held its own. Apart from this, Turkey is a producer of many other articles, of which England is a great buyer, but not from Turkey.

The following table has been prepared to show the quantity of total English imports, from all countries, of English imports from Turkey, and of total Turkish exports, in the last few years for some articles, with which Turkey may supply England on a large scale:—

(1,000 tons.)

—	1930.	1933.	1934.	1935.
Barley—				
Total English imports from all countries	775	812	786	869
English imports from Turkey	3	—	—	—
Total Turkish exports	6	50	149	52
Oats—				
Total English imports from all countries	489	285	163	181
English imports from Turkey	—	3	—	—
Total Turkish exports	14	30	32	13
Raisins—				
Total English imports from all countries	70	82	61	73
English imports from Turkey	7	9	8	11
Total Turkish exports	40	46	54	77
Figs—				
Total English imports from all countries	5	7	6	7
English imports from Turkey	4	6	5	6
Total Turkish exports	24	27	29	38
Nuts—				
Total English imports from all countries	6	5	6	7
English imports from Turkey	—	—	—	—
Total Turkish exports	3	5	7	9
Hazelnuts—				
Total English imports from all countries	5	4	5	6
English imports from Turkey	1	1	1	1
Total Turkish exports	36	35	36	45
Tobacco—				
Total English imports from all countries	108	96	108	114
English imports from Turkey	0.2	0.1	0.1	—
Total Turkish exports	32	28	20	24
Mohair—				
Total English imports from all countries	6	6	4	5
English imports from Turkey	3	2	0.5	0.1
Total Turkish exports	3	5	6	5
Cotton—				
Total English imports from all countries	579	675	614	608
English imports from Turkey	3	0.1	—	—
Total Turkish exports	32	5	13	16
Wool—				
Total English imports from all countries	357	434	360	394
English imports from Turkey	0.1	0.1	—	—
Total Turkish exports	3	6	7	4

Continued on Page 22 Cols. 3 and 4.



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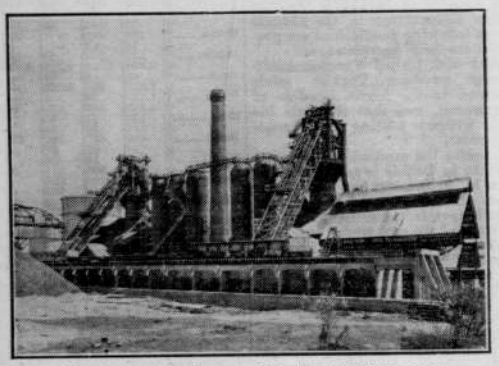

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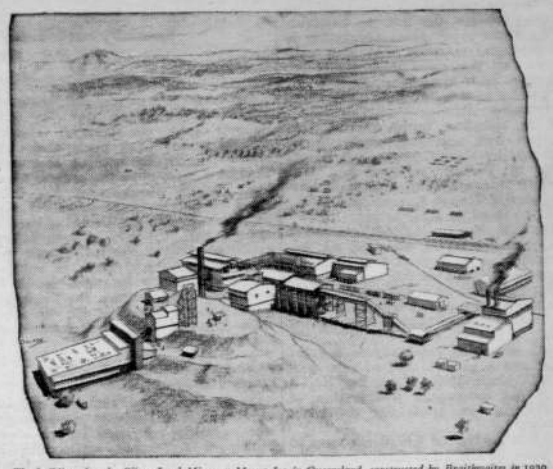

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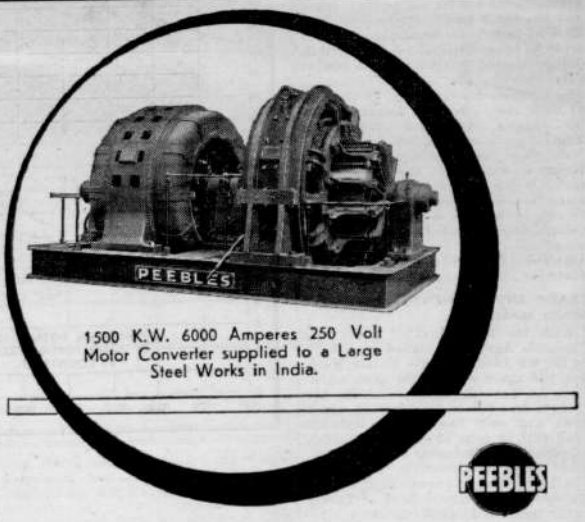

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FINANCIAL REFORM UNDER THE KEMALIST REGIME.

CONTINUED AND AUTHENTIC BUDGETARY EQUILIBRIUM.

Specially contributed to "The Financial Times" by H.E. FUAT AGRALI, Minister of Finance.

BEFORE giving a summary of the financial reforms undertaken under the Kemalist régime, it is of interest to review, in a few words, the state of the public finances which this régime inherited.

Up to 1908, the idea of a Budget, as such, did not exist in Turkey. Each time it was desired to prepare the ground for a foreign loan a "Budget" was improvised, crammed full of imaginary figures which had only a distant relationship to actual receipts and expenditure of the State. There existed neither a Public Accountancy law, nor a method of codifying the Budget, nor any measures to ensure its application.

It need hardly be said that the State was always struggling with the most hopeless Treasury difficulties. Public officials themselves were not paid regularly, most of them receiving only half their annual salary. The public debt, both internal and external, amounted to enormous figures and accumulated from year to year. Funds allotted to works for restoration and development of the country were insufficient to attain any concrete results.

BAD CONDITIONS.

PEASANT'S STATUS.

After the revolution of 1908, the new Constitutional Government set itself to create a Budget and, in particular, passed a Public Accountancy Law. It never succeeded, though, in establishing a balanced Budget. It became routine from that time to meet the deficit of each financial year by means of an external loan, the latter on each occasion being guaranteed by the most substantial public revenues which were offered as security to a foreign administration installed in the country and composed of representatives of the creditor Powers. The revenues assigned as security were collected by means of this administration.

No reform was instituted in regard to the tithe, a mediæval institution, which formed the most important State revenue; the pressure which it exerted on the peasant, the producing class of the country, and the life of slavery that it imposed upon him, remained a matter of indifference

Under the Constitutional Monarchy, as under the Absolute Monarchy, the capitulations continued to paralyse all industrial initiative on the part of the Turks, who worked side by side with foreigners, but suffered from a handicap which made any attempt at competition unavailing. The foreigner enjoyed absolute fiscal freedom, whereas the Turk was pitilessly ground down by taxation.

CUSTOMS LEGISLATION.

FINANCIAL CHAOS.

The sovereignty of Turkey in the matter of Customs law was strictly limited, so that she could not have recourse to any measure for the relief of her finances nor institute even a minimum of legitimate protection for her nationals. Moreover, the Constitutional Government was entitled to make additions, on its own authority, of extra or exceptional credits, to the Budget voted by Parliament, which rendered the statement of receipts and expenditure almost unrecognisable at the close of the financial year. The final statement of accounts of any Budget could not be drawn up before four years had elapsed and, even then, it omitted something like a third of the actual receipts and expenditure of the provinces. The expenses of the Army and Navy, which formed the bulk of the Budget, were never entered in real figures in these closing accounts.

Turkish finances were thus in a state of lamentable chaos when the Kemalist regime took them over. In order to restore order, those who took over the the reins of Government began by introducing the constitutional law for regulating the budget.

The Government was prohibited from opening new credits, additional or extraordinary, to the budget approved by the national Grand Assembly. The new legal enactments provided that no addition to the budget or even a transfer of credits from one chapter of the budget to another could take place, except in virtue of a law voted by Parliament.

In order to subject the execution of the budget to effective control, an Audit Court, attached to the national Grand Assembly, and elected by it, was set up and entrusted with the supervision of all the public expenses and receipts. A maximum time limit was fixed for closing the final account. In point of fact, under the Constitution the Settlement Law must be submitted to the vote of the Assembly at latest 17 months after the close of each financial year.

Under the new law of Public Accountancy, the financial commitments subscribed by the various Ministerial departments are made subject to the dual control of the Ministry of Finance and the Audit Court. The departments are thus prevented from making any financial commitment of which the Ministry of Finance and the Audit Court disapprove, or which they deem illegal.

Moreover, all the military accountants were attached, with their pay offices, to the Finance Administration. The principle was accepted that the nomination of all officials entrusted with the handling of public moneys should be confided to this same administration.

Fuat Agrali

After having brought into being this machinery for controlling and adjusting the reform of procedure, the Kemalist regime laid down another principle, whose application it vigilantly supervises—namely, the administration of the public services by means of a balanced budget.

The Government of the Republic is extremely careful, in each successive Budget, to allocate large sums to national education, public health and the development of industry in the country; in short, to make the State expenditure productive. Under the absolute monarchy and in the budgets of the Constitutional Government, these headings represented scarcely 2 per cent. of the general expenditure. To-day, they absorb up to 50 per cent. of the receipts.

All revenue from extraordinary resources is assigned exclusively to industrial operations and public works. As well, large credits are arranged with the same purpose in the budgets of local administrations. At present, figures for State accounts are collected and published with despatch and meticulous care. Figures for the revenue collected during the course of each month are published on the 20th of the second month following.

As mentioned above, final accounts are drawn up at latest seven months after the close of each financial year and presented to the Audit Court, being subsequently submitted, within two months, to the national Grand Assembly, so that Parliament shall take cognisance of them eight months before the term fixed by the Settlement Law.

As regards capital, no expenditure may be effected without the authority of the Audit Court. The corps of Inspectors of Finance is authorised, moreover, to inspect, on behalf of the Minister all public moneys and all organisations depending on the State, and to prosecute any official guilty of malversation.

ACCOUNTS FOR MATERIAL.

MILITARY STORES.

It was reserved for the Kemalist régime to institute discipline into the accounts relating to material, as apart from money accounts. Every public administration has to draw up a statement of its accounts for material and submit it annually to the Audit Court. It must also lay its final accounts before the national Grand Assembly. A special method is applied to stocktaking for stores of the Quartermaster-General's Department, which are also subject to supervision.

Thanks to these safeguards in matters of accountancy and to a strict supervision, the Budget estimates are expressed in genuine figures and Parliament is able to exercise its powers of control.

ROLE OF MINISTRY.

FINANCE LAWS.

At the present moment presentation, by any of the ministerial departments, of a bill involving either an increase or a reduction in receipts or expenditure is subject to the consent of the Minister of Finance. Moreover, the internal regulations of the National Assembly limit the initiative of deputies in the same respect. It should be noted, in this connection, that any proposal, if it is to be submitted to examination and debate, before anything else, must leave the budgetary equilibrium intact. The greatest attention is paid to this point.

The Kemalist régime placed at the head of its financial reforms the punctual execution of the engagements arising out of its services. To ensure more regularity in its payments it entrusted its pay-office services to the banks. Before the creation of the Central Bank it entrusted them to the Agricultural Bank, which has branches throughout the territory. Since the Central Bank of Turkey, which is the national bank of issue, began to function, it has been the one to perform this service. In places where it has no branch office it is still represented by the Agricultural Bank. Payments abroad are also made through the channel of the Central Bank.

NATIONAL CURRENCY.

DE FACTO STABILITY.

The Kemalist régime has also taken pains to give the country a healthy currency and to safeguard the national monetary unit against the caprices of interested speculators. The measures which have been in force for nearly eight years have assured the de facto stability of the Turkish pound. Thanks to this, the savings of the people are secure from all risks when invested.

This policy has stimulated saving on the one hand, and on the other has encouraged the public to subscribe to the internal loans floated for the construction of railways.

One of the most characteristic features of the financial policy pursued by the Kemalist Government consists in abstaining from all monetary inflation to meet the requirements of the State.

The Central Bank is one of the achievements of the Kemalist régime. The State has transferred to this establishment the responsibility for the note circulation. As cover for these notes, it handed over to the Central Bank paper holdings to the value of £T10,000,000 and a sum of 500,000 Turkish gold pounds. The State further undertook to pay a sum equivalent to 1 per cent. of the annual credits entered in the general Budget, the subsidiary Budgets and the Budgets of the provincial administrations for the redemption of its debt arising out of the monetary circulation. This undertaking it has punctually observed. One-tenth of this circulation has now been amortised in this manner.

The rate of interest which formerly was currently 20 per cent. has now fallen to a normal level as a result of joint action by the bank of issue and the other national banks. The official rate of rediscount, fixed at 5.5 per cent shortly after the Central Bank began to function in 1931, has scarcely varied since that date.

Among the institutions created out of the resources of the Treasury should be mentioned the Banque Immobilière, with a capital of £T20,000,000, founded to deal with mortgages; the Sümer Bank, with a capital of £T62,000,000 for the purpose of regulating the distribution of industrial credits and apply the industrial programme of the State; and, finally, the Eti Bank, with a capital of £T20,000,000, founded to finance mining enterprises and manage the mining affairs of the State.

The Banque d'Affaires (Eti Bank), whose largest shareholder is the public Treasury itself, plays a most important part in the financing of national trade. It also is a creation of the Kemalist régime. Rural production is financed by the Agricultural Bank, which has recently been refounded and reformed. Its capital has almost reached £T30,000,000, helped by quotas assigned from the public taxes. The 15 years moratorium granted to farmers, with a uniform interest of 3 per cent., and the payment of £T1,000,000 per annum to the reserve fund of the Agricultural Bank by the Treasury in exchange for this moratorium, are among the essential amendments that the State has made to the structure of this institution.

PUBLIC OFFICIALS.

TURKISH ARMY.

Another bank, the Banque des Municipalités, has been created, with a capital of £T15,000,000, to finance municipal services and urban works in Turkey. In addition, a People's Bank, with a capital of £T3,000,000, has been established to assist and develop small credit banks whose creation is projected under the name of "Caisses populaires," with the form of joint stock companies. This bank is to come into operation in the near future.

Under previous regimes, State officials were divided into 74 groups in regard to their salaries, but there was no relation between the remuneration and the nature of the services rendered. Nor was any rule observed in the promotion or the raising of the salaries of the staff. This situation made for confusion and discontent in the very class which exercised the authority of the State.

Continued on Page 22 Cols. 1 and 2.

FINANCIAL REFORM UNDER THE KEMALIST REGIME—II.

Continued from Page 21.

The Kemalist regime has classified under 19 grades the military ranks and the salaries of civil servants, while at the same time establishing a similarity between the grades and salaries of the services of the different departments. Promotion and increases of salary were henceforth determined by strict rule.

At present the promotion of any official depends on the extent of his training, and he must exercise the same functions for two or for three years, as the case may be, before he can be promoted to a higher class.

The salary assigned to a post is, nowadays, in proportion to the importance of the functions exercised by the holder of that post. When this readjustment was made, care was taken to raise the salaries paid to the higher officials, a matter which had been totally neglected under the previous régime. The State has thus succeeded in attracting and retaining capable servants. This reform was extended to public institutions administered by means of subsidiary and special budgets, and to enterprises whose capital belongs to the State.

The retiring pensions formerly granted to public officials, civil or military, by no means ensured a minimum of subsistence to their holders. This class, after spending the better part of their lives in the service of the State, often were condemned to a life of poverty as soon as they had retired from active service.

The Kemalist régime put an end to this injustice. At present, the officer, civil or military, who has served 25 years, receives a retiring pension equal to half his active service salary. After more than 25 years of service, this pension is increased by 2 per cent. per annum of additional service, so that pensions amounting to as much as three-quarters of the active salary are granted to the officials of longest standing.

TAXATION SYSTEM.

FISCAL REFORMS.

The Republic, which recovered for Turkey her fiscal autonomy by the Treaty of Lausanne, expended immense efforts to revise the system of taxation. The reform accomplished may be summed up as follows:—

1. Relief of the taxpayer by the abolition of unjust taxation.

2. Institution of new taxes which the taxpayer can pay easily, and which do not hamper the development of economic enterprises.

3. Distribution of taxes proportionately to incomes and fairly among all citizens.

4. A fiscal system permitting of the creation of a large industry.

5. A development of fiscal returns proportionate to the growing charges and requirements of the State.

Taking these principles as its starting point, the Kemalist régime resolved to abolish radically and at one blow the "Dime," which was not only the principal source of supply for the Treasury under the old régimes, but also the most terrible calamity for the Turkish peasant. If one mentions the fact that formerly the Government took possession, by means of this tax, of 50 per cent. and in years of drought 100 per cent. of the net national revenue, this will suffice to give an idea of how unfair this tax was and how it overwhelmed the peasant. The Government considered that the gap left in the Budget by the abolition of the "Dime" was less serious than the ravages which this tax caused, and it freed the peasant once and for all from this scourge by creating taxes compatible with modern fiscal theory.

ABOLITION OF THE PATENT.

TAX ON PROFITS.

Another tax bequeathed by the old régimes and abolished under the Republic is the Patent, which was based entirely on external appearances. It was assessed and collected without any account being taken of the real earnings of the taxpayer. The new "tax on profits" is based on a quite different conception. It is progressive and consists of levying, for the benefit of the State, a percentage on the profits earned by the taxpayers carrying on an industry or trade or living by hiring out their services. The law which instituted it put an end to the vexation endured by the citizens and to a very old injustice. It secured during the first year of its application three times the returns obtained by the previous law.

The tax on land and the tax on building properties were assessed and recovered on the basis of values registered nearly half a century ago and on revenue registered before the Great War. With the passage of time this disproportion increased. Discontent of the taxpayers grew. To remedy this injustice the Government decided to proceed to make a new census, to be completed within two years, of all lands, to revise the gross revenue of all real estate and to levy a tax of 12 per cent. on the gross revenue, after an abatement of 20 per cent. for costs of repairs. The new law exempted from this tax small revenues or values. This was one of the reforms which affect all classes of the population and bring greatest credit to the Kemalist régime.

CUSTOMS DUTIES.

MONOPOLIES.

One of the spheres in which the paralysing action of the capitulations was felt formerly was that of Customs. The Customs were an ad valorem duty, but were levied at a maximum rate fixed by the Great Powers. By abolishing the capitulations, under the Treaty of Lausanne, the Kemalist régime restored to Turkey an unconditional independence in this matter. The Customs duty levied in accordance with the tariff established in 1929, and fixed according to the weight of the articles imported, provides both an important source of revenue and effective protection for national industry.

Under the new régime, the monopolies have acquired first rate importance as sources of revenue. When the tobacco monopoly was farmed out to a foreign company, it brought in to the Treasury, annually, about £T.5.5 million. Since it has been redeemed and administered by the State, it has produced £T.12 million in its first year, and the last time as much as £T.25 million in net receipts, without counting its influence in regulating the price of tobacco, which is one of Turkey's most important articles of export.

The alcohol and spirit monopoly was taken over by the State once more, combined with the salt, gunpowder and explosive monopolies. Their management and exploitation were entrusted to an autonomous State department. The sum brought in to the Treasury by these combined monopolies is in the neighbourhood of £T.35,000,000.

CONSUMPTION TAX.

PUBLIC RECEIPTS.

Excise and the turnover tax were created by the Kemalist Government to make up for the gap left in the Budget by the abolition of the old taxes.

In spite of world depression and considerable lightening of fiscal burdens (reduction of 50 per cent. for the tax on salt, 60 per cent. for the tax on sugar, 30 per cent. on an average for the tax on live stock, 25 per cent. on an average for the tax on land), the returns from taxation show a considerable increase, as witness the final accounts of receipts during the last five financial years: £T.165,227,000 in 1931, £T.172,530,000 in 1932, £T.174,092,000 in 1933, £T.195,649,000 in 1934, £T.207,000,000 in 1935.

TREASURY METHODS REFORM.

MINTING OF COINAGE.

The Government has introduced important reforms in Treasury methods. Such speed is assured in Treasury operations that the Central Administration receives, through the bank entrusted with the service of the State moneys, the daily cash surpluses of all fiscal offices whatsoever on the same day. Similarly, an office situated in the most distant corner of the territory can receive the funds which it requires within the space of a single day.

During the Kemalist régime, methods of settlement have been drawn up and adopted not only for State departments of the new régime but also for the departments of the former Empire. This has been done partly under various laws, partly (as regards foreign departments) by means of agreements made with the representatives of the interested bondholders. Engagements thus entered into have been, and continue to be, settled day by day at the respective rates of exchange.

To meet the requirements of the public as regards token coinage, silver pieces of a fineness of 0.830 have been struck; these are pieces of 100, 50 and 25 piastres. The old pieces have all been withdrawn from circulation and demonetised. New nickel and bullion pieces are in process of manufacture and are to replace the old pieces of the same alloys.

The Kemalist régime has made a thorough readjustment in the taxes levied on behalf of provincial departmental administrations. The additional centimes levied on certain taxes for the needs of the local administrations, under the old régimes, were abolished by the present régime.

The reforms, which began by assigning to the local administrations a quota taken from the State taxes, culminated a year ago in the complete abandonment in favour of the latter of the tax on real

Continued at foot of following column.

ANGLO-TURKISH COMMERCIAL RELATIONS STRENGTHENED BY NEW AGREEMENT—II.

Continued from Page 19.

Turkish figs, raisins, nuts, mohair, carpets and tobacco, which are well known all over the world, though they have enjoyed and do enjoy a great reputation in United Kingdom markets, their sale in England in recent years marked a serious decline.

The value of the total United Kingdom imports of Turkish goods in 1932 amounted to £T.10 millions, while this figure stood at £T.5.5 millions in 1935—that is, a decline of 45 per cent. between the two dates.

As the Turkish foreign trade policy is to buy the goods of those countries who buy from Turkey, this decline in Turkish exports to the United Kingdom was not without influence on Turkish imports from the United Kingdom.

The groups of United Kingdom goods which Turkey imports are given below in the order of importance:—

(a) Textiles of all kinds.
(b) Woollen and cotton yarn.
(c) Machinery.
(d) Iron and steel manufactures of all descriptions.
(e) Chemical materials and dyestuffs.

The following table gives the value of Turkish imports from the United Kingdom in the last six years of each of these groups:—

(£T. 1,000.)

—	1930.	1931.	1932.	1933.	1934.	1935.
Textiles	7,418	6,825	3,476	4,189	2,213	2,513
Woollen & cotton yarns	2,936	2,166	1,752	1,637	2,215	2,037
Machinery	1,054	840	949	640	443	250
Iron and steel manufactures of all descriptions	1,698	1,084	913	656	857	826
Chemical materials and dyestuffs	476	516	569	573	618	636

Seventy-five per cent. of Turkey's imports from the United Kingdom consists of articles coming into these five categories.

Against a fall of 45 per cent. as compared with 1932 figures in the English imports from Turkey after the Ottowa Agreement, Turkish imports of United Kingdom goods fell by only 20 per cent. This is due to the fact that English articles like woollen textiles, cotton fabrics and iron and steel manufactures enjoy preference in Turkish markets.

TRADE FIGURES.

THEIR INFERENCE.

Trade figures between the two countries are given in the table below:—

(In £T. 1,000.)

Year.	Imports from England.	%	Exports to England.	%	Difference + or —
1923	25,063	17.3	15,757	18.6	— 9,306
1924	34,278	17.7	23,282	14.6	— 10,996
1925	37,837	15.6	17,202	8.9	— 20,635
1926	33,049	14.1	21,309	11.4	— 11,740
1927	28,757	13.6	16,839	10.6	— 11,918
1928	27,100	12.3	17,562	10.2	— 9,909
1929	31,356	12.2	14,949	9.6	— 16,407
1930	16,556	11.2	13,521	8.9	— 3,014
1931	14,361	11.3	10,850	9.5	— 3,511
1932	10,640	12.5	9,965	9.8	— 675
1933	10,068	13.5	8,594	8.9	— 1,474
1934	8,570	9.2	5,272	5.7	— 3,298
1935	8,682	9.1	5,193	5.4	— 3,489

The following conclusions may be drawn from this table:—

1. The trade balance between the two countries has always been in favour of the United Kingdom.

2. Exchange of goods between the two countries has shown a speedy decline ever since 1929.

3. English imports of Turkish goods after the Ottawa Agreement of 1932 have greatly diminished.

4. The average of the years 1926-28, taken as being normal, the total yearly value of trade between Turkey and the United Kingdom should be around £T.48 millions.

5. The 1926-28 years taken as basis, Turkey and the U.K. trade indices and Turkish general trade index numbers are shown in the following table:—

Years.	Turkish-English trade.	Turkish-foreign trade.
1926-28	100	100
1929	96	104
1930	62	76
1931	52	64
1932	40	47
1933	39	43
1934	29	45
1935	29	46

General foreign trade of Turkey has, like that of every other country, greatly suffered from the world depression, but a turn came in 1933.

The decline in Turkish foreign trade in 1935 (1926-28 average taken as 100) was 54 per cent., while the percentage decline in Turkish-British trade was 71 per cent. in 1935, again 1926-28 being taken as the basis. It is clear from these data that other factors besides the world depression were operative in the diminution of trade between the two countries. The main factors have already been explained.

TRADE DEVELOPMENT.

POINTS SUMMARISED.

Economically and by treaty the ground is prepared for the development of trade between the two countries. It will be well to summarise here a few important points:—

1. The Anglo-Turkish Trade and Clearing Agreement of 2nd September, 1936, provides great facilities for the exchange of goods between the two countries and for the payment thereof.

2. There can be no doubt whatever that Turkish agricultural products, such as tobacco, raisins, figs, etc., and renowned manufactures, such as carpets and rugs, will be welcomed in the United Kingdom markets; while English textiles, machinery, iron and steel manufactures will always be preferred in Turkey.

3. In accordance with the Turkish foreign trade policy "to buy from Turkey means export to Turkey of goods of equal value," importation from Turkey will have a double advantage for the United Kingdom.

4. There can be no reason why trade between the two countries, which are economically complementary to each other, should not greatly flourish. This will come about by a mutual and better study by exporters of the markets of both countries.

5. It is to-day a principle in Turkey to prepare the products of the country in the most hygienic way, and to sell them at international prices. And London can be a suitable international distributing centre for many Turkish articles.

ENGLISH INDUSTRIALISTS.

BUREAU OF TURKOFIS.

A list is given below showing the principal export articles of Turkey. The United Kingdom firms desiring to come into touch with Turkish firms may get any information they require from the central bureau of Türkofis in Ankara, or from Türkofis branches in Turkey or abroad. There is a great economic activity to-day in Turkey, where purchasing power is increasing and the standard of living is improving.

The second five-year industrialisation plan, which will shortly be published, includes the erection of many factories and plants, which may interest the English industrialists.

The construction of railways and a commercial fleet, electrification in many districts, building of ports, exploitation of the very rich mineral wealth of the country are enterprises that must greatly interest the English big-business undertakers.

EXPORT GOODS OF TURKEY.

Apricots	Meerschaum	Sesame oil
Garlic	Emery	Oil from Olive-cakes
Fox-tail grass	Salep	Sponges
Almonds	Essence of roses	Wool
Anise	Essence of styrax	Milk powder
Live stock	Horse-beans	Fresh vegetables
Antimonium ore	Kidney-beans	Lentils
Arsenic	Flax	Liquors
Oats	Figs	Maize
Butter	Hay and straw	Malt
Wheat	Strawberries	Marbles
Building timber	Cheese	Manganese
Boracite	Gum tragacanth	Magnesite
Caviar	Hemp seeds	Manganese
Cherries	Cotton seeds	Marmalade
Cedrate	Linseed	Castings
Hemp	Poppy seeds	Quicksilver
Chestnuts	Clover seeds	Honey
Chrome ore	Spelt	Milled
Cigarettes	Meslin	Mohair
Beeswax	Sorgo (Indian millet)	Mulberries
Lemons	Gelbeorn	Hazelnuts
Silk cocoons	Pomegranate	Walnuts
Quinces	Black Cherry	Gall-nut
Jams	Horns, bones, hoofs	Kermes
Cotton	Groats	Hide and leather goods
Dye-roots	Beans	Onions
Eggs	Helva	Opium
Yogourt	Olives	Water melons
Oranges	Barley	Pear
Hides and skins	Peaches	Goat's-hair
Medicinal herbs	Argentiferous lead	Apples
Pears	Fish	Bahatiokum
Potatoes	Plums	Liquorice and its extract
Grapes	Rakl	Rye
Rice	Soap	Sesame
Salt	Semolina	Tobacco
Silk	Bran	Oil-cakes
Carpets	Lime-tree flowers	Bricks and tiles
Olive oil cakes	Walnut tree tr'nks	Wine
Valonia and extract	Vetch	Zinc
Vinegar	Fowls	Pistachio nuts
Canned fruits and vegetables	Monkey nuts	
Acornand oak bark	Coal	
	Olive oil	

Continued from preceding column.

estate and the tax on building property, which is equivalent to a substantial and independent endowment. Moreover, the octroi levied on behalf of municipalities has been totally abolished and replaced by an additional charge of 10 per cent. levied on the Customs duties.

To sum up, the financial system of the Kemalist régime, as shown by the foregoing explanations, rests on the following bases:—

(1) Real and genuine Budgetary equilibrium.

(2) A single pay office. Pecuniary commitments in full knowledge of the facts by the Finance Administration. Effective control by the audit court. Regularity in the accounts. Publicity for the accounts.

(3) Loyal discharge of obligations. Faultless service in internal and external payments. Regularity and payment in advance of the salaries of State officials, officers and civil servants.

(4) Encouragement of citizens to save. Security of State bonds.

(5) Abstention from all borrowing for current requirements, even in urgent cases.

(6) Reduction in the cost of living and in taxation.

PUBLIC EDUCATION AND CULTURAL PROBLEMS IN MODERN TURKEY.

REVOLUTION IN IDEAS AND METHODS UNDER ATATURK'S POLICY.

Specially contributed to "The Financial Times" by H.E. SAFFET ARIKAN, Minister of Public Instruction.

THE Ottoman Turks attempted to found in lands where they settled certain medressehs (Theological seminaries), following up the Turkish tradition which created such great Turkish scholars as El-Khwarezmi, Farabi (870-950), Avicenna (980-1037) and El-Biruni (973-1048) who, with their work, led for centuries the world of learning and science in the West and helped the coming of a renaissance in science.

At the beginning of the Fourteenth Century, with the first foundation of the Ottoman State, medressehs were founded, first in Nicea and then in Bursa, and, after the conquest of Constantinople in 1453, both in Istanbul and in various parts of the country at large. The eight which Mohammed II had caused to be built around his own mosque are the finest examples of the old Turkish Medressehs.

The curricula of medressehs consisted of Arabic, together with its grammar, syntax and literature, certain subjects connected with the commentation of the Koran, science of the Traditions of Mohammed, canon jurisprudence and mathematics and philosophy.

The medressehs founded by Suleiman the Magnificent in the Sixteenth Century were on a larger scale than those of the Conqueror. Their curriculum now included medical science as a regular subject. Thus the medressehs both of the Conqueror and of Suleiman, by attaching importance to the study of philosophy and mathematics, offered the most efficient education of their time.

DECAY OF KNOWLEDGE.

OBSOLETE VIEWS.

Soon after the reign of Suleiman the Magnificent, gradually, mathematics, philosophy and medical science began to disappear from the medressch curricula and gradually were superseded by more religious subjects.

The great Turkish scholar, Hadji Khalfa, who lived in the first half of the Seventeenth Century, discussing the medressehs of his age, deplores the fact that they fail to include in their curricula such subjects as mathematics and philosophy without the study of which judges, as he proves with most conclusive evidence, would be liable to make errors in their judgment.

Indeed, education received from medressehs was growing more and more narrow and obsolete. These seminaries did not welcome the intellectual changes brought about in Europe during the Renaissance, but continued, on the one hand, to produce narrow-minded men of utmost bigotry, and, on the other, allowed the standard of teaching to sink from its former excellence.

The degree of professor which previously could be obtained only after an attendance of 15 to 20 years at a medresseh, was now bestowed upon certain influential people's children while still in their cradles.

MEDRESSEH STUDENTS.

ENDERUN SCHOOL.

Until the end of the Eighteenth Century the only educational establishments above primary standards were the medressehs and the Enderun school (a school within the walls of the Imperial Palace). Medressehs provided judges, professors, teachers and preachers, while the Enderun gave training to those who were to attend on emperors, and later, if they distinguished themselves, were to become administrators and military leaders. There existed, however, throughout the empire parish schools, one in each quarter, often attached to mosques and mesdjids where children were taught the Koran and catechism.

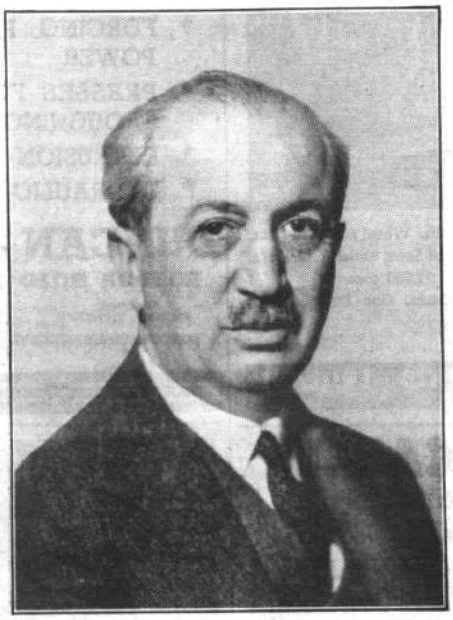
In the eighteenth century successive failures of the Ottoman army showed that the whole military staff needed training according to Western methods. Immediately this situation was realised, in 1795, the Imperial School of Engineering was founded by Selim III.; this was the first school to be devoted to the study of modern science. The Medical School (1827) and the Higher Military School (1834) were both founded during the time of Mahmut the Second, who introduced numerous reforms, starting with the abolition of the whole body of Janissaries in 1826.

These two establishments also reserved a place of importance in their curricula for the study of modern sciences. But since there were as yet no secondary schools preparing candidates for these higher institutions, the general standard of attainment was still very much below their ultimate aims.

When, therefore, the Tanzimat period (a period of reform and reorganisation) opened in 1839 there were two kinds of educational institutions—namely, parish schools and medressehs, and those higher schools with a curriculum, limited undoubtedly, but, nevertheless, aiming at teaching modern sciences.

During the Tanzimat period, as a result of the attempt to establish a graduated system of elementary, secondary and higher education in the country and to found schools to represent each stage, parish schools, after a slight improvement, were held to have become primary schools; Rushdiyehs (a lower type of secondary school of the period) were instituted in 1847 to give the secondary education, while Darul-maarifs (houses of instruction) were to provide education a little above that given by the Rushdiyehs.

In 1845 a secondary military school was founded to prepare students for the



Higher Military School. The University of Stanbul, which was planned to open about this time, was not established until 1870. But no sooner was it inaugurated than, for reasons stated later, it was instantly closed.

In 1848 a normal school was founded to train teachers for the Rushdiyehs, and in 1859 a civil service school to train administrators for "communes."

It is worth noticing at this point that all the above-mentioned schools were wholly devoted to the education of boys, and the education of girls was entirely overlooked. The first Rushdiyeh for girls was opened in 1862, and a normal school for girls was established in 1871 to train the staff.

UNDER THE MESHIHAT.

CANON LAW.

The Tanzimat did not cause any changes in the medresseh system and left it entirely to the care of the Meshihat (the ministry of the canon law of Islam). Although the schools established during this period were not administered by the Meshihat, they were far from being secular. Primary schools taught nothing but the Koran and catechism, while the Rushdiyeh curriculum was largely confined to religious subjects, Arabic, and Persian; Turkish language and mathematics were held of little importance in these schools.

The curriculum of the earlier Rushdiyehs did not include subjects like history, geography and science, which did, however, come to be studied in military and civil secondary schools of later foundation, although even in these a greater part of the time of the pupils was devoted to the study of religious observances and Arabic and Persian languages.

Thus in the Tanzimat period two kinds of educational institutions began to work side by side—one wholly religious in character, the other semi-religious. The medressehs, having remained purely religious, still represented a mediæval and reactionary mentality, while the second type of schools, though tending to adopt modern thought and learning, were under a religious influence.

It was this influence that was instrumental in the closing of the University of Istanbul. In 1870, Djemaleddin of Afghan in the course of a lecture at the University stated: "Prophethood is an art." The University was immediately closed and remained so for 30 years. Further a book of 151 pages was published proving that canon law of Islam required that a person who dared to utter such a blasphemous sentence should be beheaded.

PREVAILING SPIRIT.

NOT SECULAR.

That the prevailing spirit in schools was anything but secular can be borne out by the fact that the first book ever offered to pupils in primary schools was not a reader written in Turkish, but the Arabic version of a chapter of the Koran. Consequently Turkish children even in the first stage of their education were deprived of the pleasure of reading a book written in their mother tongue.

In 1868, Galata-Saray was founded as the first modern lycée in Turkey; but larger part even of its curriculum was again given up to Arabic and Persian and religious studies. There was a Statute of Public Instruction enacted in 1869 in order to base educational organisations on modern principles, but almost none of its articles was put into practice and the Statute itself remained a dead letter.

To show the slow growth of education during this period, it may suffice to state that 40 years after the first foundation of the Rushdiyehs the number of pupils in attendance in all the Rushdiyehs within the boundaries of the Empire was, according to the State Annals of the year 1887, not more than 25,153.

The higher school of civil service was founded in 1876, during the reign of Abdulhamid; the law school in 1878; the school of Fine Arts in 1892, and, finally, the university was reopened in 1900.

While the Rushdiyehs were still maintained, a new type of secondary school, the Idadies, was formed. These covered the curricula of the three years of the Rushdiyehs, but included in the Livas (outlying districts) a further two years' study, and in the Vilayet centres (county centres) a further four years.

But, again, in all these schools a knowledge of religious subjects, Arabic and Persian was the basis of studies, while other subjects were taught under religious influences. Islamic history was studied instead of Turkish history, which was held as being of no importance whatever. At one time general history was totally obliterated from their curricula and replaced solely by Islamic and Ottoman history, while literature meant not the study of the work of Turkish writers but that of rhetoric and rules of prosody.

The value of educational methods in schools was by no means realised; pupils were led not to think things out for themselves but to learn things by heart like parrots, and the accepted disciplinary methods were not educational in character.

LYCEES FOR GIRLS.

FIRST OPENING.

During the periods of the Constitutional Reform beginning in 1908, although the course of studies in primary schools was raised to six years, the number of schools increased, elementary training colleges improved, more lycées opened, and educational methods, good or bad, made their way into schools; but even yet schools were not relieved from religious influence. Arabic, Persian and religious studies still kept their former predominance in the curricula, while certain topics in science, which were alleged to be derogatory to religious creeds, were omitted, and teachers were forced to show the truth of certain miracles by means of scientific evidence.

Medressehs were left intact, and although in later years a knowledge of history, geography and science was required, these subjects were never given any serious consideration.

During the same period, girls' education received some attention and showed some development when two lycées for girls, though not of the same standard and length as those of the boys, were started. In addition, something like a university, again only for girls, was established, and towards the end of the period, after a great deal of hesitation, women were finally admitted to the men's university.

Nevertheless, the Constitutional period failed to rouse the national spirit sufficiently.

The university was reorganised and faculties of theology, letters, law, sciences and medicine were established. It was reinforced by the addition of some foreign elements to its teaching staff. It was given a limited administrative autonomy, yet was still far from working in a secular spirit and so could acquire the character of a national centre of scientific research and general culture.

As soon as the National Government was established in Ankara, among thousands of disturbing cases, public education received due consideration and a new epoch was inaugurated in this field. Then, in 1921, an educational congress under the patronage of Mustafa Kemal, the Generalissimo, met to discuss educational problems in Turkey even while the enemy's troops were only a few miles away from Ankara.

RADICAL CHANGE.

UP-TO-DATE PRINCIPLES.

The Declaration of the Republic opened the way for a radical change in the whole structure of the educational system by basing it on entirely modern principles. The most prominent feature of this revolution in public education, started and led by Atatürk, the President of the Republic, the Great Leader himself, is its secular character. In all the attempts since 1839, during the Empire period, to bring about a change in educational matters nothing was so radical in nature as the Republican movement, which pioneered the road to secularisation.

The great leader, Kamal Atatürk, upheld unshaken secular principles and soon after the establishment of the Republic in 1923, abolished the Caliphate, and all the institutions in the country which still maintained a mediæval outlook were done away with within one day.

Continued on Page Twenty-Five.

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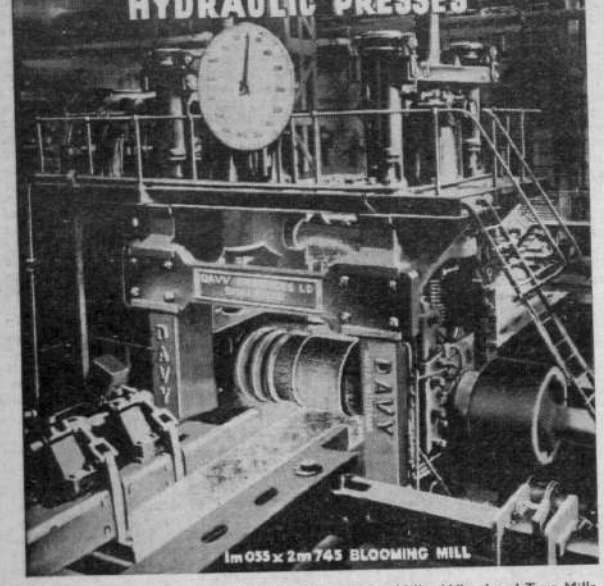

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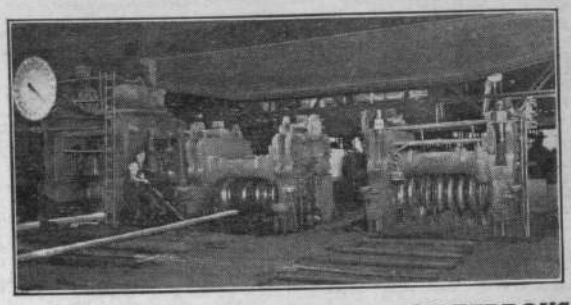

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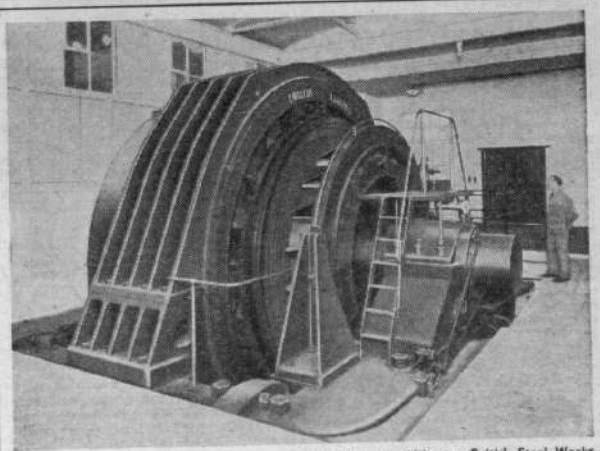

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PUBLIC EDUCATION AND CULTURAL PROBLEMS IN MODERN TURKEY.—II.

Continued from Page Twenty-three.

One important result of all this revolution was that a secular spirit penetrated all the cultural institutions and definitely took root there. The teaching of no subject may now be influenced by religion. The fundamental principle to which we attach the greatest importance is to engender a scientific mentality in pupils and keep them free from all superstitious ideas and false values.

Another feature of public education in the republican period is that it is essentially national. The empire had caused a confusion of the ideas of "nation" and "religion" in the minds of pupils under the influence of catachismal religious books, and for centuries had made the Turks forget their nationality. The books, written in Arabic and Persian, and quite meaningless to children, who could but learn them by heart, were very numerous even after the Tanzimat.

As explained above, schools, then, would rather teach Islamic history and culture than Turkish history and literature, whereas in Republican schools, today, the place of Turkish history has definitely been recognised and the services rendered by the Turkish race in various periods throughout history to universal culture is duly brought into relief; and Turkish as a language is being allowed to recover the position of importance it has long deserved. Today, the Association of Turkish History and that of Turkish Language, both founded under the supreme patronage of Atatürk himself, have supplied Turkish schools and culture with really valuable material obtained after much thorough-going and scientific research work on a large scale.

TURKISH STUDIES.

ANKARA CENTRE.

In addition, the Faculty of History, Language and Geography, created last year in Ankara, has already become a centre of studies and research on Turkish history, language and geography.

While noting how great importance is attached to national education by the Republic, I should also like to emphasise the point that the whole movement is free from all kinds of chauvinistic ideas. By teaching Turkish youth that the Turks are the most ancient nation ever recorded in history, that they have propagated their culture throughout the whole world, and that their language has become a chief source of many other languages, we do not propose to equip their minds with ideas detrimental to other nations, but rather to make them realise that they still have that highly important duty towards humanity today just as yesterday.

Having inculcated a national character upon all the aspects of national culture and caused the development of those noble and original attributes which have distinguished the nation ever since the earliest ages, we are convinced that we have made it possible for the Turks to carry out their national and human duty more efficiently than heretofore.

A further characteristic of public education in Turkey is its tendency to encourage such revolutionary changes. It is the aim of the system to inculcate in the youth of the country such a spirit as will cause it to assimilate and defend to its utmost the glories, the élan, of the progressive revolution.

ATATURK'S POLICY.

DRASTIC MEASURES.

Kamal Ataturk has not abstained from taking all measures, drastically when necessary, in order to raise the general level of Turkish culture to that of other nations. It is enough for him to realise that some particular system is for the good of the country for him to adopt it instantly. In all the changes which have taken place in the field of public education he has kept in view only the ultimate future of the nation and its supreme advantage, disregarding all the traditions which, century after century, had left a deep impression on the life of the country.

A momentous change was effected by Ataturk when he insisted on, and successfully, too, the adoption of Latin characters instead of the Arabic letters which had never suited the structure of the language, which had been the chief cause of illiteracy in the country, and which had repulsed all progressive cultural movements.

It was in August, 1928, that he proclaimed the necessity of adopting Latin characters, and at the beginning of October the same year all the teaching in schools, from the country districts to the University in Istanbul, was given only with the help of books printed in the new letters. Six months after the Act of 1st October, 1928, enforcing the exclusive use of Latin characters, it was made compulsory to use Latin characters in all official transactions, and books, newspapers and all periodicals were ordered to be printed in the new letters.

Measures taken by the Government of the Republic for the development of women's education in Turkey are some of its most important progressive endeavours. Up to 1910 girls were allowed to attend primary schools only. All that they could get in the way of secondary education was through a few vocational schools for girls founded in the Vilayets and a single normal school in the capital.

It was after 1910 that there were founded two high schools with a curriculum of shorter length and lower standard than those for boys, and in 1916 a separate university for girls. Not until 1918 were women allowed to attend certain faculties of the University together with men, their own university being then abolished.

Whereas in the Republican period the standard of girl's high schools has been raised to that of boys, many more high schools and normal schools for girls have been established in most vilayets, all the faculties of the University and higher schools have opened their doors to women, while co-education is now being practised in all our schools.

PROMINENT FEATURE.

DEMOCRATIC CULTURE.

Another prominent feature of this extensive cultural movement is that it is democratic in character. To-day in Turkey all the stages of education are free in all State schools. Those pupils who prove their efficiency and intellectual capacity in competitive examinations have all their expenses paid by the State and continue their education as boarders. Education provided by such technological institutions as schools of agronomics, arts and crafts, as well as normal schools, including those which provide board and residence, are entirely free of charge.

Pupils who finish their secondary education in high schools or technological schools and win Government grants after competitive examinations are sent abroad to continue their higher education.

All the educational organisations of Republican Turkey are based on the "Ecole Unique" system and the principles which control the whole movement have been expressed in the party programme as issued by the Fourth Congress of the Republican People's Party in these words:—

"Our main principles for national education and instruction are as follows:—

"(a) The corner stone of our cultural policy is the suppression of illiteracy. In the field of public instruction a policy of teaching and training more children and citizens every day shall be followed.

"(b) The training of strongly republican, nationalist, populist, étatiste and secular citizens must be fostered in every stage of education.

"(c) It is our great desire to attach importance to intellectual as well as physical development, and especially to elevate the characters to the high level inspired by our great national history.

"(d) The method followed in education and instruction is to render learning an instrument in the hands of citizens for guaranteeing success in material life.

"(e) Education must be high, national, patriotic and far removed from all manner of superstition.

"(f) We are convinced that it is important to treat the students in all institutions of education and instruction tactfully, in order not to hinder their capacity for enterprise. On the other hand, it is important to accustom them to serious discipline and order, and to a sincere conception of morals, in order to prevent the common faults in life.

"(g) Our Party lays an extraordinary importance upon the citizens' knowledge of our great history. This learning is the sacred essence that nourishes the indestrictible resistance of the Turk against all currents that may prejudice the national existence, his capacity and power, and his feeling of self-confidence.

"(h) We shall continue our serious work in rendering Turkish a perfect and ordered national language."

ELEMENTARY COURSES.

OFFICIAL SUPPORT.

Elementary education in Turkey is compulsory between the ages of seven and sixteen and gratuitous in State schools. It requires a five-year course in primary schools. The Republic has seriously dealt with the problem of extending elementary education. What results have been obtained may best be judged statistically: Pupils in attendance in all the primary State schools within the contemporary bounds of the Empire were, in 1914, only 222,000—40,000 being girls—whereas by last year 1935, their number had gone up to 680,365—243,365 of these being girls.

As a great part of rural districts is sparsely populated, it has been very difficult to found schools in each village. The Government of the Republic has taken serious measures so that children who live in villages with a small population shall not be deprived of education.

Even those whose age is above the accepted years of schooling, and who have not received any education can do so now. After the adoption in 1928 of Latin characters instead of Arabic letters, the Republic has attached particular importance to this problem and has instituted night-classes called "national schools," where people have been taught reading and writing. The course of studies offered by these national schools is divided into two four-month courses, the first of which is confined to reading and writing, the second to arithmetic, Turkish, history and civics.

The curriculum recently rearranged and practised since the beginning of the present academic year has been prepared in accordance with certain points necessitated by the requirements of the Republican régime and progressive pedagogical principles. Courses are divided into two cycles in primary schools.

In the first cycle, which comprises the first three classes, various subjects are taught in connection with the topics of "Practical knowledge." In teaching, due care is taken that pupils should not be passive, but active; should do individual work, observe and study certain phenomena and subjects by themselves, visit factories and other establishments.

In the second cycle, lasting two years, though different subjects have been allowed separate hours, great care is taken that lessons should be interrelated.

All the expenses of elementary education in Turkey are met by the special budget of each vilayet, which does its utmost to supply the whole vilayet, including its villages, with modern school buildings.

SCHOOL TEACHERS.

WIDE TRAINING.

The Republic emphasises that teachers should have a wide equipment both of general and professional knowledge. During the Empire period, elementary school teachers were given a training of four years, after primary education. The Republic has raised the standard of elementary normal schools, so that at present pupils who finish the middle school are admitted to normal schools and are given a further training of three years.

During the last two years of normal schools the candidates of the teaching profession go through a course of training in psychology, pedagogy, methods of teaching and the history of education. During the last year of their training students have teaching practice.

The Republic has, at the same time, increased the elementary teachers' salaries to an extent out of comparison with those given during the Empire period. It has taken care to renew and increase the professional knowledge and general culture of teachers by instituting summer schools and refresher courses.

SECONDARY COURSES.

TWO CYCLES.

Secondary education in Turkey consists of two separate cycles, each lasting three years. The first is the middle school. Those who finish the primary school are admitted to these schools.

The number of pupils attending middle schools has greatly increased during the Republican period. In 1923, the year of the declaration of the Republic, there were 5,905 pupils in attendance, whereas this number has now risen to 48,872.

The second cycle of secondary education is the high school (Lycée) proper, which comprises three years' course of study; those who finish middle schools are admitted to high schools. In their last year lycée pupils are separated into literature and science divisions.

At the end of each year in both cycles, pupils have to pass a class examination in order to attend a higher class. At the end of the last year at a high school, in addition to the leaving certificate examination, they have to take a matriculation examination which secures for them the right of admission to higher educational institutions.

Pupils attending high schools also have increased considerably under the Republican régime. In 1923 the number in attendance was only 1,241, while now it has risen to 11,746. (Pupils attendings military high schools and commercial, agricultural and technological high schools attached to some Ministry, other than that of Culture, are not included in this number.)

The Republic has attached special importance to training teachers for secondary schools. There have been established at the Gazi Institute of Education in Ankara special departments training teachers for the various subjects in middle schools, and in the same city, besides a Physical Training Institute, there has been founded a Normal School of Music.

There is also a higher normal school training teachers for the high schools the students of which follow courses in faculties of letters or science while attending professional and pedagogical classes in their own institution.

The Republic, at the same time, sends each year to Western countries a number of the students who are to teach in high schools.

All the expenses of middle schools and high schools are provided for by the general Budget. The Government of the Republic attaches great importance to building middle schools and high schools furnished with modern apparatus and appliances, and has brought about momentous changes in the whole constitution of these schools by emphasising social activities, sports and physical training, boy-scout and girl-guide organisations and self-government.

Poor pupils who can prove their intellectual powers and talents in competitive examinations are educated as boarders entirely free of charge.

COMMERCE AND INDUSTRY.

TECHNICAL CURRICULA.

The Republic has greatly valued the improvement of such technical institutions as schools of commerce and industry. The progress made in the industrialisation of the country has brought into relief their importance and increased their popularity. In the technical institutes for girls and the night-schools classes seem to grow in size more and more. The number in attendance has increased by 2,689 in only one year.

A special department has been established at the Ismet Pasha Institute in Ankara to train teachers for this type of vocational schools for girls.

The Republic has valued to the utmost degree the extension of higher education in the country. Seeing that the University of Istanbul, founded during the Empire, was far below the efficiency necessary to meet the requirements of the nation, the Republic abolished it and replaced it by another University which is in keeping with modern principles. The teaching staff has now been reinforced by Turkish and foreign professors. The Government has done its best to provide the new University with all kinds of modern appliances and teaching apparatus.

AT THE UNIVERSITIES.

MANY FACULTIES.

The University of Istanbul has Faculties of Science, Letters, Law and Medicine. The School of Pharmacy is attached to the Faculty of Science, while the School of Dentists to that of Medicine.

Again, under the Republican regime there have been founded in Ankara a Faculty of Law, under the supervision of the Ministry of Justice; the Higher Institute of Agronomics, under the Ministry of Agriculture; and the Faculty of History, Language and Geography, under the Ministry of Education. The last of these is continuing its activities at such a high rate as to become the chief national centre of research and studies on Turkish history, language and geography.

Besides the higher military schools there are a higher School of Engineering, attached to the Ministry of Public Works, and the Higher School of Commerce and the Higher Nautical School of Commerce, which are attached to the Ministry of Economy.

PEOPLE'S HOUSES.

WELL ORGANISED.

People's houses, established all over the country by the Republican People's Party under the leadership of Atatürk, are well-organised centres of activity for the people who belong to the various departments and carry on work with unyielding resolution in different fields such as sports, social help, language, history, geography, literature, dramatics, library and publication, and village work, and endeavour accordingly to raise the cultural standard of the nation.

Museums are held of particular importance by the Republic, since Turkish soil is crowded both on and underneath the surface with the antiquities of an ancient civilisation.

The number of museums exhibiting antiquities has gone up to twelve within the Republican years. The mosque of St. Sophia has been turned into a museum.

The antiquities discovered at the Alacahöyük excavation, conducted by the Association of Turkish History, have attracted the deep interest of the whole world of science. The Government of the Republic offers utmost facilities to foreign archæologists who excavate in Turkey.

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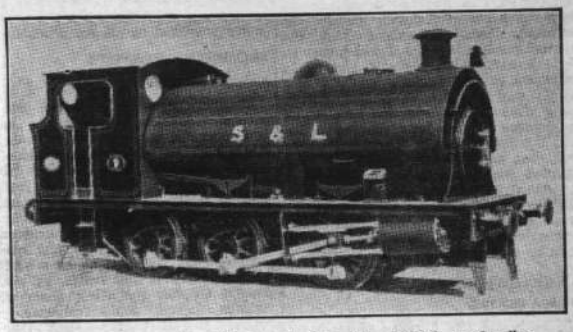

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ACHIEVEMENTS AND FUTURE PROSPECTS OF TURKISH PUBLIC WORKS ACTIVITY.

Specially contributed to "The Financial Times" by H. E. ALI CETINKAYA, Minister of Public Works.

BY the Treaty of Lausanne on 24th July, 1923, the new Turkish Government succeeded in getting her independence.

The country was devastated by external wars, internal rebellions and abuses; most of the villages and towns were burned and destroyed; the highways and the bridges were ruined and transport became very difficult. In order to reach Ankara from Istanbul by railway one had to change at three or four places. The journey lasted according to one's chances. It was even difficult to traverse the distance between the city and the railway station in Ankara.

The reconstruction and the revival of this ruin was the duty of the Ministry of Public Works of the Republican régime.

Like other Government organisations, the Ministry of Public Works began its work in a very simple building with five rooms in Ankara, and was administered by a Minister, assisted by a few engineers and officials. The Ministry endeavoured to fulfil this difficult task with a humble allotment given from the national Budget. It began to establish its organisations gradually, according to the needs and extent of the work, and finally, in 1934, succeeded in completing this organisation. In 1934 it moved into its present modern building, and now continues there its regular and efficient work.

When the sketch drawn in these few lines is compared with the work done by the Ministry of Public Works, as will be explained below, the constructive power which the new Turkish Republic has shown in the field of action will be better understood.

RAILWAY TRANSPORT.

CONSTRUCTION POLICY.

The railway construction policy of the Republican Government has been successfully continued for 13 years. The length of new lines opened and in operation at the end of 1935 was 2,399 kilometres. By the end of 1936 this figure will mount to 2,706 kilometres. The length of the lines completed in the different years, together with the money spent on the new railways, is shown in the attached graphs. Money spent by the Government for new railroads up to the end of 1936 will amount to 301 million Turkish liras. The old railways and the newly built ones are shown on the attached map. The summary of the railways existing to-day is given below:—

	Km.
Old standard gauge lines	3,840
New " " "	2,670
Old narrow " "	245
New " " "	36
Total	6,791

The new railway lines which the Republican Government is planning to construct in the near future are shown with parallel broken lines on the map. Of those, the lines that are of primary importance are the following:—

Line.	Length.	Estimated expenditure.
1. Zonguldak-Ereğli	45 km.	10 million Ltq.
2. Diyarbekir-Cizre (Irak border)	250 km.	18 " "
3. Diyarbekir-Siirt (Iran border)	454 km.	40 " "
4. Burdur-Antalya and other lines	186 km.	14 " "
Total	935 km.	82 million Ltq.

HARBOURS AND DOCKS.

STATE PURCHASES.

The harbours and docks which the Government is intending to construct are shown below in the order of preference:—

	Estimated expenditure
1. The Ereğli Harbour	10 million Ltq.
2. The Trabzon "	3.5 " "
3. The Mersin "	17 " "
4. The Samsun "	13 " "
Total	43.5 million Ltq.

The new railways constructed and operated by the Republican Government have extended their fields and reached the old lines and harbours built and operated by the foreign concessionary companies, thus creating within the same area of operations different conditions. Such a situation being very complex and uneconomical for all parties, it has been decided to liquidate the foreign railway and harbour companies and convert them into Governmental institutions.

With the exception of the Eastern Railways (Chemins de fer Orientaux), all such railways have been purchased by the Government. Negotiations for the purchase of the operating lease of Eastern Railways are now being carried on and the question will be settled soon.

The Anadolu (1,032 km.), Mersin-Tarsus-Adana (68 km.), Izmir-Kasaba (702 km.) and the Aydin (610 km.) railway companies and the Istanbul and Izmir docks companies have been bought by the Government. All rights and benefits attached to the concessions, real estates and all the possessions of these companies and the Port of Derince are turned over to the Government. The terms of payment agreed upon are shown in the following table:—

Terms of the Instalments.	Amount of annual instalments.
Anadolu—	
From Jan. 1, 1929 to Dec. 31, 1929	5,539,822 Sw. frs.
" Jan. 1, 1930 to Dec. 31, 1932	6,304,291 " "
" Jan. 1, 1933 to Dec. 31, 1957	8,677,301 " "
" Jan. 1, 1958 to Sep. 30, 1984	6,304,291 " "
" Oct. 1, 1984 to Nov. 30, 1992	2,553,106 " "
" Dec. 1, 1992 to Mar. 5, 2002	1,359,660 " "
Mersin-Tarsus-Adana—	
From Jan. 1, 1929 to Dec. 31, 1932	1,129,378 Sw. frs.
" Jan. 1, 1933 to Dec. 31, 1957	65,590 " "
Izmir-Kasaba—	
Will be paid up in 50 years	12,765,000 Fr. frs.
Aydin—	
Will be paid up in 40 years	£145,440
Istanbul Docks Company—	
In February, 1935	500,000 Fr. frs.
" " 1936	500,000 " "
" " 1937	400,000 " "
From 1935 for 40 years	2,500,000 " "
Izmir Docks Company—	
From 1934 to 1935	487,500 Fr. frs.
" June 1, 1932 to June 1, 1952	272,316 " "
" June 1, 1935 to June 1, 1952	156,844 " "

In the years following their purchase, the lines mentioned above, as the result of the reduced passenger and freight rates, showed an income large enough to cover the annual payments for these lines and also to bring 2.5 per cent. profit to the State Railways Administration.

The total value of the Turkish railway system is estimated as 500,000,000 Turkish liras and the gross income is 23,000,000 Turkish liras.

If the amount accruing from the application of the reduced rates for postal, military and railway construction materials and the annual payments for the purchased lines, which amount to 8,500,000 liras, are considered, the State Railways Administration is receiving 2 per cent. interest on the total investment.

As the Turkish railway system was enlarged the railway repair shops became insufficient. To meet this demand additions were made to the workshops turned over from the Anadolu Railway Company. Now, in Sivas, a modern railway workshop costing 1,500,000 liras is under construction.

The Turkish Republic, while working with vigour to complete the railway system of the country, has also shown great effort in adopting on this ever-growing system a rate policy best suited to her present economic conditions.

The reduction of the railway charges was caused by two factors: the depression and the competition of the automobiles and trucks on the roads parallel to the railway lines.

Passenger Traffic—Seeing the impossibility of continuing the rate policy of past years, the State Railways adopted a rate reduction of 50 to 60 per cent. on different sections of its system and arranged local excursion trains with a rate reduction of 75 to 92 per cent., thus starting a great revolution and development in the passenger traffic.

The results obtained from the adoption of reduced fares are excellent. The number of tickets sold in 1934 was 1,620,342 and in 1935 2,274,255, and the surplus receipts amounted to 540,763 Turkish liras.

Freight Traffic—The rate reductions in goods traffic has helped the national economy also.

The coal rate, which averaged 2.08 piastres per ton per kilometre, is reduced to 1 piastre per ton per kilometre. This has helped both the preservation of the national forests and the substitution of coal for wood as a combustible.

The recent rate reduction for different commodities are indicated below:—

Commodities—	Rate of reduction.
Construction materials	46-52½
Dried vegetables	26-43½
Oranges and lemons	42½
Native mineral waters	50½
Valonia	35-48½
Fresh meat, vegetables, fruits, milk and fish	47-64½
Wood and timber	15-25½
Raisins	25-50½
Figs	5-24½
Live stock	50-72½
Beer	42-71½
Liquorice root	42-51½
Express service	65½

The reduced commodity rates gave a surplus receipt of 3,778,224 liras in the year 1935.

A. Çetinkaya

ONE OF THE BRIDGES CONSTRUCTED DURING THE REPUBLICAN REGIME.

HIGHWAYS AND BRIDGES.

THEIR MAINTENANCE.

Construction and maintenance of highways and bridges within the Turkish Republic is under the jurisdiction of the Ministry of Public Works.

Revenue for this work is obtained through the road tax, in addition to that included in the National Budget. The road tax is collected by the vilayets (counties), and 15 per cent. thereof is turned over to the Ministry. This amount, plus that given out of the National Budget, is allotted to the construction and maintenance of highways and bridges of national importance. Since the proclamation of the republic 827 kilometres of highways have been constructed in this way.

Fifteen per cent. of the road tax amounts to about a million liras per annum. During 1935 half a million liras have been allotted from the National Budget, while over a million liras will be spent during the present year.

The larger portion of the road tax is left to the vilayets for the construction and maintenance of their local roads and bridges of minor importance. During the 1935 fiscal year 6,000,000 liras have been spent for this purpose.

In all, there are 30,792 kilometres of highways in Turkey, of which 7,550 kilometres are in need of repair and 14,064 without any surfacing. Paved highways are of the waterbound Macadam type. Only streets and highways in and around the capital are paved with asphaltic concrete. The Edirne-Istanbul highway, which is a link of the London-Istanbul line, will also be of the asphaltic concrete type.

To date, 59 major bridges have been built at a cost of 3,800,000 liras, 24 others are under construction, and bids will be opened for 20 others within a short time. Estimated cost of these 44 bridges is 2,000,000 liras.

The contract for the construction of the "Atatürk" bridge, which has an over-all length of 445 metres and is to span the Golden Horn in Istanbul, is already awarded and will cost 1,586,000 liras.

MOTOR TRANSPORT.

ADMINISTRATION.

At present motor transport is administered in the following way:—

Transport agencies operating within districts are controlled by local authorities; traffic within the vilayets being controlled by the vilayets and municipalities, and the traffic between the vilayets being controlled by the Ministry of Public Works. Concessions or charters for the transport companies, organised to operate in these fields, are granted by the proper authorities.

Now that the railways are nationalised, the need of establishing co-ordination between the railways and motor vehicles is given due consideration. With this point of view the formation of new organisations is in every way encouraged. Wherever this seems rather burdensome for private initiative, the Government makes every sacrifice in order to serve the public in general.

Among the steps taken in this field there is the opening of the transit route between Turkey and Iran via Tabriz and Trabzon. Great effort has been exerted in order to establish this route in accordance with the most up-to-date standards. The results and the experience obtained from this attempt will constitute a very valuable basis for other schemes.

STATE AIR TRAFFIC.

GOOD SERVICES.

State air service in Turkey was first established in 1933 under the Ministry of National Defence. In 1935 the service was turned over to the Ministry of Public Works and the State Air Lines Administration was established.

Great importance is now given to air transport. At the beginning of the air service there were two aeroplanes, one of German and the other of American make. This year the newly-established State Air Line bought three Dragon Rapid type of British-made aeroplanes. These are fully equipped up-to-date machines possessing comfort and safety devices. They have an average speed of 250 kilometres per hour. The aeroplanes are for seven passengers. The journeys between Ankara and Istanbul now lasts one hour and fifty minutes.

Before the service was opened a number of pilots and ground mechanics were sent to London to study and see the latest developments in these fields.

To-day there are regular daily and week-end services between Ankara and Istanbul. Excursion and taxi services are also performed.

Airways and the airports in many provinces of the country are under consideration. Connections will also be secured between Turkish and foreign air lines. In the near future, Turkey will play an important role in the air transportation between Europe and Asia.

To achieve the desired end, the State Air Line is now considering the purchase of larger aeroplanes. They will be equipped with four engines.

Continued on Page 29.

KARABÜK IRON AND STEEL PLANT SUB-CONTRACTORS

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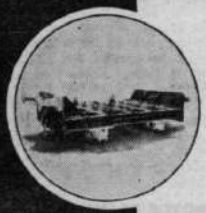

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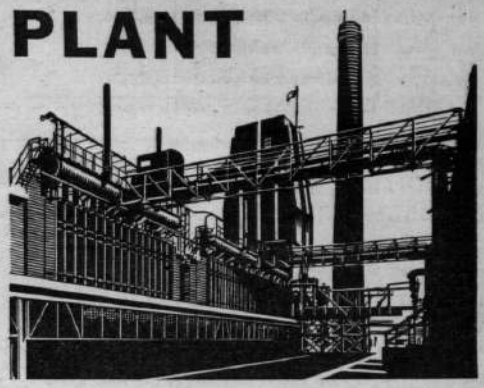

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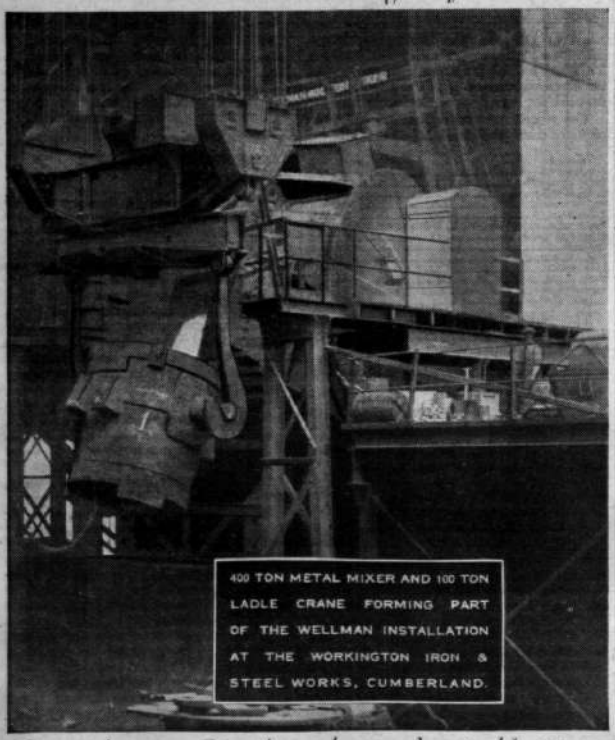

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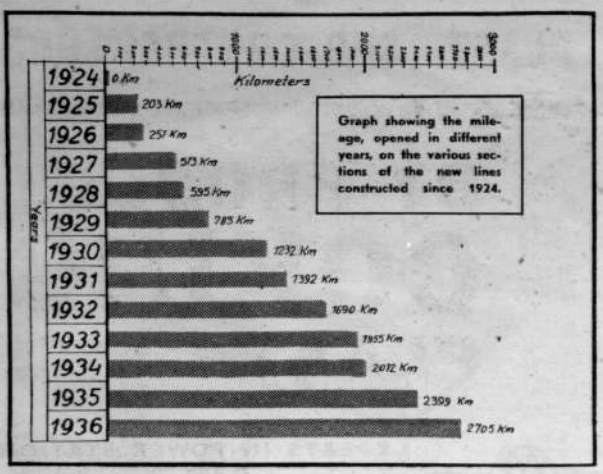
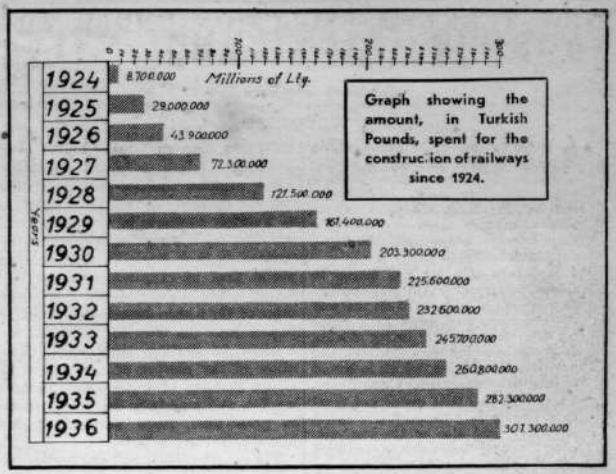




ACHIEVEMENTS AND PROSPECTS OF TURKISH PUBLIC WORKS ACTIVITY—II.

Continued from Page Twenty-seven.

Great attention is being given to the rates, regularity, comfort and convenience of the service offered. The rate schedules are made for the sole purpose of accustoming the public to this new mode of transport. Meteorological and wireless developments are being given great consideration in this connection.

COMMUNICATION SYSTEM.

POSTS AND TELEGRAPHS.

The Government is trying to complete the communication system of the country by connecting the cities with each other by mail, telegraph, telephone and wireless services. In order that the public may make maximum use of this communication service, a very suitable postage rate system has been adopted.

The mail service of the country is developing day by day. The number of post offices has been increased to 639 and that of stamps sale offices to 259. The mail boxes furnished in the villages have been increased to 28,481.

At present, ordinary mail, newspapers and magazines are received in express and ordinary trains. On the 35 truck lines the maximum weight of the parcel post has been increased from 10 to 20 kilos. A new reduced postage rate scale has been adopted, reductions running up to 50 per cent.

The telegraph communication has been given due attention. New material and equipment has been bought and the length of the circuits reinforced has been increased to 29,593 kilometres, and those of the telegraph lines to 68,041 kilometres. Certain telegraph lines have been equipped with special installations, in order that they may be used for telephone communication at the same time. Trains and 327 railway stations have lately been opened to public telegraph service.

As the wireless telegraph and telephone communication increased day by day, the present receiving stations proved to be insufficient. Therefore, for the receiving stations two receiving sets of latest type have been ordered. Wireless communication with other countries has increased in comparison with the previous years.

Underground lines between the wireless stations and post offices will soon be changed and improved.

IMPROVED BROADCASTING.

TELEPHONES INCREASED.

The Broadcasting Company of Istanbul and Ankara has been giving radio service for the last ten years. At the expiration of its contract its services were turned over to the postal authorities. The programmes of these two broadcasting stations have been improved and some technical defects are eliminated.

Broadcasting not received in certain sections of the country will be improved by establishing two radio stations in Ankara, a long-wave transmitting station of 120 kilowatts, which will be easily convertible to 60 kilowatts, and a short-wave transmitting station of 20 kilowatts for broadcasting abroad. The necessary arrangements have already been taken. These stations will be completed within a year and a-half at the cost of 700,000 Turkish liras.

The Government has paid due attention to the telephone service also. In 1935 the Telephone Company of Istanbul was purchased by the Government and turned over to the postal authorities. The system has been improved and projects for the extension and improving it have been completed. The present system can serve 11,000 subscribers. When the extension work is completed this number will be far increased.

For telephone communications between the different cities and towns, necessary arrangements and improvements have been made. The number of simultaneous calls have been raised from three to eight.

The length of the inter-urban telephone main lines is 3,240 kilometers and that of the lines is 6,480 kilometers.

A three-year programme for telephone communication has been drawn up. Work for the year 1936 has been completed and several cities have been connected to the capital city. Within the next years new lines will be installed in the direction of Syria, Persia, Iraq and Russia.

PUBLIC UTILITIES.

CONCESSIONS.

In the old régime most of the public utilities were established with political aims and by foreign capital. They were uncontrolled and acted on their own will, while performing their duties and responsibilities. Besides, they aimed at making money rather than at giving full consideration to the needs of the public.

The new Turkish Republic, nevertheless, realised the need and the advantages of employing foreign capital for the development of the country, and thus welcomed any investment from abroad which would assume all rights and duties thereof. In the meantime, she encouraged the use of national capital. The number of the municipalities and local authorities now rendering public service is increasing steadily. The Municipal Bank, established recently, is a source of capital for such public enterprises.

The Government required of the concessionary companies, chartered in the old régime, that they should observe her aims and principles—namely, to serve the public in the cheapest, but in the best way. By purchase and liquidation, those companies in whose charters the right of purchase was granted and whose term was already up have been nationalised. Among these companies the Istanbul Water Supply Company, Istanbul Telephone Company, Istanbul Docks Company have been purchased, and negotiations are being carried on for the purchase of the Kadiköy Water Supply Company and the Izmir Telephone Company.

The Republican, unlike the Ottoman Government was not willing to remain inert and negligent as regards the matters of public need, interest and safety. It was inevitable that companies unwilling to accept this principle should be nationalised.

At present, there are 340 towns, 145 of which have been supplied with electricity, leaving about two hundred more to be electrified. There are three cities in which illumination by gas has been supplied. The number of cities having tramway, bus, ferry and tube services is rather limited.

The amount of capital invested to the concessionary public utilities in Turkey are indicated in the following table :—

Foreign investment chartered by the Ottoman Empire	37.095.214	Ltq.
National investment chartered by the Ottoman Empire	204.950	,,
Foreign and national investment chartered by the Ottoman Empire	37.298.144	,,
Foreign investment chartered by the Turkish Republic	5.237.500	,,
National investment chartered by the Turkish Empire	4.388.000	,,
Foreign and national investment chartered by the Turkish Republic	9.625.500	,,
The capital of the concessionary companies purchased during the Republican Régime	13.211.095	,,
This amount is paid in the following way :—		
French francs 136.431.502		
Turkish liras 200.050		
Sterling 600.000		
The amount of the foreign and national capital in the 15th year of the Republic	46.923.644	,,
The account of capital chartered by the municipalities	10.661.522	,,
Capital invested by the concessionary companies	57.485.166	,,

BUILDING CONSTRUCTION.

CITY PLANNING.

By a new law, passed two and a-half years ago, the construction of all Government buildings and the mapping and planning of cities has been put under the control of the Ministry of Public Works. According to this law the construction and upkeep of buildings of State and that of the municipalities and National corporations have to be carried out either directly by the Ministry or else their plans, projects and specifications must be passed by it.

A sum of about 15 million liras is spent yearly out of the National Budget for the construction of Government offices and buildings. The list is topped by Ministerial buildings in Ankara, seven of which have already been put up. These can be favourably compared with similar buildings in other countries. Office buildings, schools, hospitals, mosques, reformatories, barracks, etc., are being built or repaired in every part of the country within the limits of the Budget.

Another 10 million liras is spent on the buildings for municipalities and national corporations.

All this construction is carried out and supervised by Turkish engineers, architects and contractors. In some cases, when architects and engineers of international fame competed in the design of plans and projects for such buildings, Turks carried off first prize.

Under the new law each city and town has to be mapped and a detailed future plan worked out by technical experts.

Up to the present quite a number of cities and towns have been mapped, and cities of importance are opening international competitions in order to have their future plans laid out.

THE DAM AT CUBUK: ANKARA.

WATERWORKS PROBLEM.

IRRIGATION CANALS.

The topographic position of Turkey dictated the work to be done regarding waterworks. There is almost no question of navigation, with the exception of a few limited rivers. There is irrigation work in river valleys and draining at river sources. In this connection the Government is helping the population by constructing irrigation canals. The question of improving the rivers, which is closely connected with the work of irrigation and drainage, is the fundamental waterworks problem of the country.

The limited amount of rainfall in Central Anatolia is collected, in so far as this is possible, during the months when irrigation is not in progress. The volume of water thus available serves as reservoir for use in the months of drought.

Work done in the above-mentioned sphere is given below :—

1. The process of improving the plain of Bursa, which was contracted in 1929 for 3,000,000 Turkish liras, aims at preventing the outflowing of the Nilüfer River. This will also serve to irrigate the adjacent area. The final stages of this work are under way.

2. In order to drain the marshes in the basin of the Menderes River, and especially Lake of Cellat, and to prevent their outflowing, improvement is being made at the cost of 3,500,000 Turkish liras.

3. The construction of Çubuk Dam, near Ankara, is completed. This dam will supply water to the city and the adjacent area. The dam cost 4,000,000 Turkish liras.

The drinking-water supply systems of the cities and towns are being given due attention. In this connection, a filter-station, which will be supplied with water from Çubuk Dam, has been constructed in Ankara at a cost of 600,000 Turkish liras. The equipment for this filtering station and the different materials for the Çubuk Dam have been supplied by German firms, who offered best terms in the adjudication.

ENGINEERING EDUCATION.

MINISTRY'S TECHNICAL STAFF.

The Turkish Republic was faced with the need of preparing her own technical staff for carrying out the reconstruction work she undertook.

In the old régime the College of Engineering was controlled by the Army. In 1883 the School of Civil Engineering was established. This school gave 287 graduates till the proclamation of the Republic. It was then turned over to the Ministry of Public Works and was thoroughly reorganised as an institution of higher learning. Within the 13 years of the Republican régime Turkish Engineering School gave 306 graduates. It now includes the following divisions :—

1. Highway and railway engineering.
2. Hydraulic engineering.
3. Structural and building engineering.
4. Electrical and mechanical engineering.
5. Special courses in post and telegraphy.

In 1912 another school was established for the junior engineers, who work as technical assistants of the engineers. The 568 graduates of this school have taken responsible positions in the reconstruction work of the country.

The Ministry of Public Works send the technical men graduating from these institutions to the different foreign countries for the study and investigation of modern scientific developments. Further, the graduates of the Turkish lycées are sent directly to the technical schools of the advanced countries for the study of science and engineering.

NEW TURKEY'S EVOLUTION UNDER THE KEMALIST REGIME—III.

Continued from Page Five.

"In order to endow the State with a structure capable of making up for centuries of indifference, of restoring what was wrongfully destroyed—that is, one fit to stand the severe tests of modern times, it was necessary first to remove the causes of economic weakness.

"I maintain that we are forced to accept economic State nationalism as a system of safeguard on the way of progress, and hence as a point of departure and a safety device. It represents for us a fruitful and positive orientation, which is bound to lead to recovery and a new order.

"I mean by this that we do not trust to it merely in a conservative spirit of safety, but also as the concrete, effective and necessary instrument for a policy of expansion and regeneration. I therefore hope that in ten years' time Turkish State nationalism will be cited as a masterpiece, as the most perfect scientific expression of a nationalist conception of State organisation in the economic domain."

INCREASED REVENUE.

Foreign Trade.

This economic policy has some inestimable advantages. From the point of view of State finance, it means that the Budget within very few years will have very important separate revenue in addition to the taxes and other usual receipts. As most of the returns from the important profit-making enterprises will ultimately return to the Budget, the Government will have extensive funds at its disposal for further national improvements.

From the point of view of commercial relations with other countries, it means that since practically all the enterprises placing orders abroad are more or less guaranteed indirectly by the State, they represent a stable and sound customer.

This gives the Turkish market as a whole a solvency proof against all emergencies when it comes to payment.

Certain problems of transfer may have arisen when Turkey's commercial balance with another country showed a deficit. But this is a problem not confined to any one country, but merely a result of the present highly complicated international economic situation.

In the days when the European countries had not instituted the régime of a managed currency and monetary restrictions the question of the transfer of payments, which so often arises now, presented no difficulties, and it was only necessary to consider whether the general commercial balance of a country was in equilibrium, for even if there were an adverse balance with one country the transfer could be effected through some other country where there was a surplus.

The impossibility of adopting this means of compensation owing to the policy of monetary restriction prevailing to-day in most countries of Europe has given rise to increasing preference for unilateral agreements regarding payments through the clearing system, which necessarily imply at least an even balance of trade, especially with those countries having a strong currency.

COMMERCE WITH BRITAIN.

German Competition.

In the case of the Anglo-Turkish trade exchange, the Turkish Government had faithfully done its best to attain this equilibrium in their trade balance with Great Britain, and the Anglo-Turkish payment agreement recently signed in London by M. Faik Kurdoglu, Under-Secretary of State at the Turkish Ministry of National Economy (who has been good enough to explain in this supplement the problem of commercial exchanges with Great Britain), is certainly a great step forward in the development of a new policy of increased commercial exchanges between Great Britain and Turkey.

The problem consists mainly in the need for an expansion of the exportation of Turkish products to Great Britain, and that for two reasons. The most important is that Anglo-Turkish clearing would thus be supplied with sterling, which would make possible the remittance of the money deposited by Turkish buyers into the clearing account for transfer in sterling, and would thus allow of the placing of new orders in Great Britain, of which the Turkish market, and especially the State, stands in great need, more particularly for heavy industry products.

The second reason, and one no less important for British trade expansion abroad, is that the extension of Turkish exports to Great Britain might finally eliminate the desperate dumping by Germany with a view to securing the Turkish market and the Balkan markets in general by obtaining orders from these at any price, which is the whole secret of the economic victories claimed by Germany in the Balkan markets.

ISOLATION THEORIES.

Complete Falsity.

This shows clearly the falsity of certain isolationist theories in economic matters and the capital importance for the British market of not allowing itself to be superseded on certain foreign markets which, while not to be disdained separately, together form in the general system of international economic policy, a handicap which, in any case, has an indirect influence ultimately on the London market.

Latterly certain financial circles in the City have turned their attention to this Turkish market, which offers by its construction requirements a very interesting outlet for the British heavy industry.

The Turkish Government decided on the construction of an iron and steel plant at Karabuk, an order of about three million pound sterling being involved. One of the tenders came from Messrs. H. A. Brassert and Co. and although competition was very great, Krupp being one of the many rival firms, the former finally obtained the contract. This covers orders for a whole series of British firms.

ANGLO-TURKISH COMPTOIR.

Credit Instrument.

One of the most interesting things about this order is the financial machinery, which has been elaborated to provide security for payment over a number of years.

In the article he contributes to this supplement, the managing director of the Industrial Facilities Corporation explains the functions of the Export Credit Guarantee Department, which has assisted in the creation of this machinery, and also describes the modus operandi of the Anglo-Turkish Comptoir.

As regards the mechanism of the payments in respect of the Karabuk project, it is understood that it will be governed by this Comptoir, the agreement for whose creation was signed in London in September, 1936.

The Sümer Bank, which was entrusted by the Turkish Government with the settlement of this transaction, has covered the British contractors for the total amount of the order by a series of half-yearly bills. These are to be covered by sums realised by the Comptoir, which is to sell on the British market various Turkish raw materials, and, in particular, copper.

The amounts thus obtained are to be deposited, as and when they are realised, in a special account as cover for the Karabuk bills. A proportion of any surplus resulting from the sales of the Comptoir is to be paid into the Anglo-Turkish clearing account after the maturing bill has been met.

The creation of this Comptoir is certainly a new idea, which will mark an epoch in the domain of foreign credit. The method of the Comptoir represents a kind of barter; in this instance, industrial material for raw materials, cleared by a semi-private compensation office which employs the proceeds from the sale of the raw materials for the payment of the industrial material ordered.

Thus the development of commercial transactions between Great Britain and the particular country in question is ensured, by giving to the latter sterling necessary for the payment of its orders and to the British market the maximum of security in regard to payments—namely, definite facilities for financing, if necessary, further orders on the home market.

When it has actually been seen how this Comptoir functions—and its success under normal conditions is beyond all doubt—the British market will have at its disposal a new instrument, easily applicable also to other countries. By the creation of similar institutions functioning on the same lines, new scope would be given to the development of British trade relations with foreign countries.

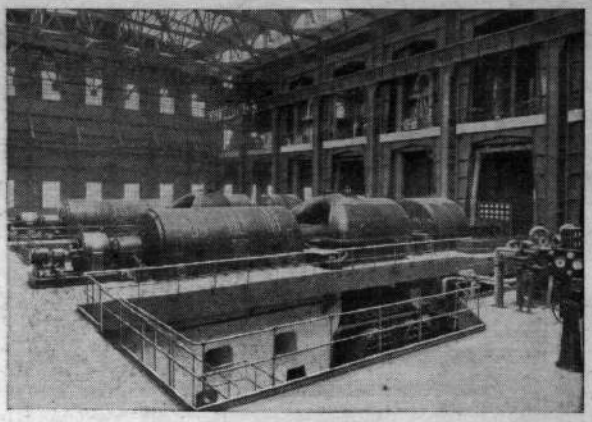
TRADE PROSPECTS.

Sound Market.

To return to the prospects of a close co-operation and the possibilities of a development of commercial relations between the Turkish market and that of Great Britain, no better picture could be obtained of this process than that given in the pages which follow, by the articles of Mr. Angus T. Swan, Secretary of the British Chamber of Commerce in Turkey, and Mr. J. H. Walton, Representative of the Federation of British Industries. Both are British and both are thoroughly conversant with the question, owing to the positions which they occupy and their long years of residence in Turkey.

It remains for me to say in conclusion that, not only from the political but also from the economic and social point of view, the Turkish Government, inspired by such a Chief of State as Kemal Ataturk, has accomplished in a few years a task which is a model of perseverance and of success. That this same Turkey, which has been able to accomplish unaided such a revolution, that in a short time she has made up the leeway in which she was left becalmed by the various unfortunate régimes of weakness and concessions of the past, is to-day a factor providing a valuable and sound market. For required for the economic recovery of the country and its constructive needs, Turkey needs the co-operation of a sound centre, which can find in it a safe market with sure returns.

For Turkey will prove to be an excessively profitable field for enterprise in the very near future, by its material resources and the powers of rational, methodical and persevering increase in production.



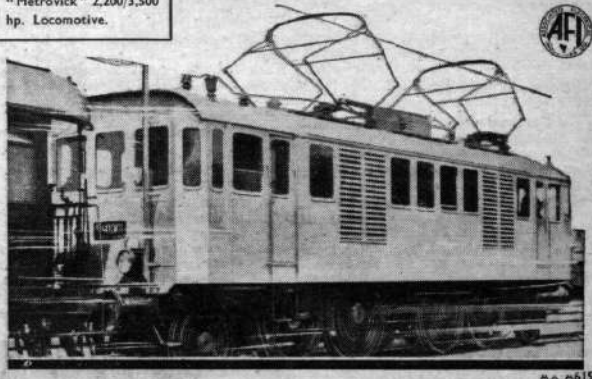
EXPERTS IN POWER STATION AND ELECTRIC TRACTION EQUIPMENTS

METROPOLITAN Vickers ELECTRICAL CO. LTD.

TRAFFORD PARK ··· MANCHESTER 17.

The upper picture shows 2 of the 3 "Metrovick" 66,000 kW Turbo-Alternators at Fulham Power Station.

Below is shown a "Metrovick" 2,200/3,500 hp. Locomotive.



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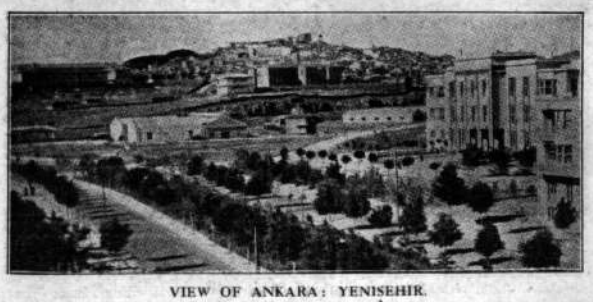

VIEW OF ANKARA: YENISEHIR.

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AGRICULTURE'S PART IN THE INDUSTRIALISATION OF TURKEY.—I.

RAW MATERIALS TO MEET COUNTRY'S REQUIREMENTS.

Specially contributed to "The Financial Times" by H.E. MUHLIS ERKMEN, Minister of Agriculture.

IN the days of the Ottoman Empire the Turkish economic policy was not a national one. On the contrary, it showed a wholly loose and disconnected aspect.

The principal cause of this was the fact that the Ottoman Empire itself was composed of different parts, which were large enough to be separate individual States and which were not connected with each other by suitable means of communication.

During the existence of the Ottoman Empire the different branches of national economic activity could not develop themselves within a general economic policy which had the aspect of an agglomeration lacking an adhesive character and still remaining in a primitive stage of development. Actually, only agriculture played any great part in national economies. It was the only branch which attracted any attention and showed any sign of livelihood.

Even so, agriculture was dependent on nature and had made no progress whatever from the point of view of technique and technical exploitation. Turkey in consequence, though known at that time as an agricultural country, was not even able to produce enough grain to sustain its own population and was obliged to import either grain or flour every year. The raw materials produced by Turkish agriculture, and which were more or less the gift of nature, were not manufactured in the country but were mostly exported.

NATURAL RESOURCES.

GIFTED COUNTRY.

This state of affairs inevitably gave Turkey the character of a country which, gifted by natural resources, was a producer of raw materials only. Modern industry, so important a part of national economy, had not been established in Turkey at that time.

It is true that in olden days there was an important industrial activity in Turkey. At one time home industries had developed to a great extent, especially the spinning and weaving industries, which enjoyed historical fame. But, unfortunately, when the industries of the Western countries became mechanised, Turkish industrial activities had not profited by a similar development. The State paid no attention to the mechanisation of European industries and took no steps to equip the Turkish industries with latest technical equipment.

Hence, after a short time, the cheap machine-manufactured goods of Europe, profiting also largely from the total freedom of imports, started pouring into Turkey. As result the local handweaving industry in Turkey could not stand up to competition from European industry and started falling behind, until eventually it practically disappeared altogether. This state of affairs resulted in Turkey becoming an open market for European manufactured goods.

TRADE AND TRANSPORT.

OTTOMAN EMPIRE.

During the existence of the Ottoman Empire, just as in the case of agriculture and industry, trade and transport also were not developed. At that time railways and roads were neither numerous nor in good condition. The few railways which existed did not meet the needs of the country and were worked by some foreign companies and under very heavy concessions. On the other hand, Turkey did not possess a merchant fleet, and ships flying foreign flags were cruising freely in Turkish waters.

Trade, especially foreign trade, was wholly in the hands of foreign elements. One result was that Turkey did not even control its own export business, technically or economically.

Hence one is bound to acknowledge that during the life of the Ottoman Empire there did not exist in Turkey a national economic entity, organised and directed by a rational and an energetic policy.

At the end of the war of independence in Anatolia and after the signature of the Peace Treaty at Lausanne in 1923, Turkey was re-established as a totally new State. Founded anew and on absolutely modern lines, Turkey at last had gained complete independence.

Absolutely independent, she could at last establish and direct her own affairs either within or without her boundaries, free from any foreign intervention or influence whatsoever. Thereafter, she started to follow an independent economic policy. As explained, the new Turkey did not take over any concrete national economy from the old Ottoman Empire. What was left from that Empire to the new Turkey was a national economy which was very much behind the times from the point of view of technique, and which was totally disorganised. Even this state was weakened to a further extent by continuous wars. This being so, the first aim of Turkish economic policy naturally was to organise and raise from the remnants a concrete national economic entity.

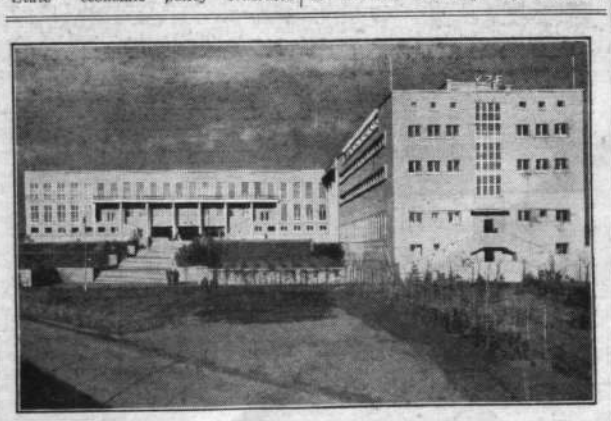
Actually the new Turkey started

building up a concrete national policy immediately after the Treaty of Lausanne. The process developed on autarchic lines. Moreover, in order to protect the national economy at its beginnings and to complete the work in a short time, this policy has taken on a "Protective" and a "State" character.

The "protective," "autarchic" and "State" economic policy considers every branch of economy as equally essential and equally important in the building up of a national economic system. Because, in order that the national economic system may be as self-sufficient as possible, it is necessary that every branch of economy shall develop and extend simultaneously within the possibilities and the extent of existing natural elements and conditions. Therefore the economic policy of the new Turkey gives as great importance to communications as to trade, as great consideration to industry as to agriculture, in building up a national economic system.

As all the economic elements are closely attached to each other in a national economic system, the working of every branch has a noticeable influence upon the whole body as well as on every separate branch. From this point of view the industrialisation of Turkey has put Turkish agriculture in a totally new position. Turkish agriculture, being one of the essential branches of the national economic system, is, above all, being organised in such a way as to satisfy the needs of the country.

The question of raw materials which are needed by the industries that are being founded is one of the chief requirements of Turkey. In fact, the greatest activity during the foundation of Turkish industry was directed towards manufacturing within the country itself the raw materials produced by agriculture, whereby to satisfy the needs of the population for manufactured goods. Therefore the types of industry which are being founded in Turkey are principally those that are suitable to manufacture the raw materials that are produced in the country. The most important are the industries which work up agricultural raw products.



UPPER INSTITUTES OF AGRICULTURAL SCIENCE, ANKARA.

When the industrialisation of Turkey is looked upon from this point of view there can be no doubt that great benefits and progress can be expected to accrue to agriculture.

Actually, in order to obtain agricultural products which will satisfy the requirements of the country and, at the same time, to produce the raw materials that will be needed by the industries which have been or are going to be established in Turkey, agricultural policy is developing in three different directions as regards production. One of these is increased variety, the second is increased quantity, and the third is to improve quality of agricultural products.

True, Turkish agriculture, favoured by very suitable soil and climatic conditions, produces a great variety of products which other countries are unable to grow. But, in spite of this, all the varieties that could be grown in Turkey are not cultivated. In fact, some of these varieties were not even sown or planted at all. The Turkish agricultural policy has now taken in hand the work of increasing varieties. Experimental stations have been established to try out new varieties, and an organisation has been formed to propagate the culture of plants which can be produced economically.

Moreover, some materials were not produced in quantities sufficient for the requirements of the country. Especially since the foundation of the new industry the question of producing raw materials needed by it has become one of the most important problems of agriculture, and agricultural policy naturally has turned in that direction. Just as in the case of quantity, the improvement of the quality of agricultural products has been taken in hand. By now agricultural policy is well on the way to improve the quality of many agricultural products.

After the war of independence agricultural policy took in hand the question of grain as being one of the most important problems to be solved. As mentioned before, in the old days Turkey was obliged to import wheat and flour in order to feed her population. To-day, Turkey, as well as producing the amount required for her own consumption, is in a position to export all kinds of grain to other countries. Hence, enough grain (wheat, maize, rye and rice) is now produced to be amply sufficient for the milling as well as the distilling industries of the country.

Agricultural policy has not considered the grain problem solely from the point of view of quantity, but also from that of quality. Seed-improving stations have been established at Yeshilkeuy, Adapazar, Eskishehir and Ankara. They are working with the latest means and in the most scientific way. These stations have discovered which are the grain varieties giving most and best crops, have raised seed and distributed it throughout the whole country.

As well, the agricultural policy has succeeded in solving the important problem of the storage of grain. For this purpose silos of from 4,000 to 10,000 tons capacity respectively, as well as the stores, have been built on the most modern system and are equipped with latest technical devices.

SUGAR BEET CULTIVATION.

AN INNOVATION.

During the Ottoman Empire the sugar that was consumed in Turkey was wholly imported from abroad. There was not one sugar factory in the country and the sugar-beet was not cultivated. Turkey was obliged to pay more than 15 million Ltqs. each year to foreign countries for sugar. True, some organisations were formed during the Ottoman Empire régime with the view of building up a sugar industry in the country, but all these organisations could do nothing on account of the weakness of the State policy at that time.

The problem of the sugar industry has been tackled seriously during the Republican régime, and in 1925 the first sugar factory was installed in the country. Subsequently, three more sugar factories have been established. Thus there are four sugar factories at present in Turkey; at Oushak, Alpoullou, Eskishehir and Turhal respectively.

With the establishment of the sugar industry in the country the sugar-beet has been introduced into Turkish agriculture as a new agricultural plant. In this way a structural change has taken place which was to the benefit of agriculture.

Continued on Page Thirty-two.

AGRICULTURE'S PART IN THE INDUSTRIALISATION OF TURKEY—II.

Continued from Page Thirty-one.

The following table shows the yearly increase in the sugar-beet crop of Turkey:—

Year.	Area sown.	Crops.
	Hectares.	Tons.
1926	5.022	5.606
1927	8.677	23,935
1928	8.700	67,084
1929	110.700	55,677
1930	8,900	91,189
1931	14,900	257,114
1932	17,400	151,757
1933	16,000	192,798
1934	23,000	—
1935	20,600	—
1936	25,000	—

GARDENS AND ORCHARDS.

VINEYARD PRODUCE.

Among the agricultural products of Turkey the variety of garden, orchard and vineyard produce is so remarkable that it is necessary to dwell a little on this subject because these products, as well as affording food and nourishment to the people, provide raw material for home industries and also play a great rôle in the export trade of the country.

Fruits, such as grapes and figs, hold an important place in the manufacture of alcoholic beverages. Many other fruits and vegetables provide most important raw material for the canning and preserving industry.

In fact, a special place has been given to fruit and vegetable industries in the industrialisation plan of Turkey. Among these, the wine and alcohol industries have already been established in the country. In 1926 the "Alcoholic Beverage Law" was promulgated, by which it was laid down that all spirits to be consumed in the country were to be manufactured from home-grown raw materials.

In 1928 another article was appended to the above-mentioned law, providing for the building of factories that would produce at least 3,000,000 kilos of alcohol a year and using all kinds of raw materials suitable for this purpose.

In the same way every effort has been made to establish the canning and preserving industries in the country.

Following the establishment of these industries Turkey has started to follow the policy of developing garden agriculture both in extent and in quality.

In order to develop the viticulture, existing nurseries have been reorganised and new nurseries have been created. Many other renovations were made. The grafted vines cultivated in these nurseries were distributed to the people. To-day there are seven vine nurseries in Turkey which are working for this purpose, and nearly 2.5 millions of vine plants are distributed by them each year. Hence, the best-quality raw material supplied to the spirits industry to-day is the grape.

CANNING AND PRESERVING.

FAMOUS ESSENCE.

Similar steps have been taken in order to increase and to improve fruit-growing in the country. All fruit nurseries have been improved and new ones have been created. To-day there are seven fruit nurseries in Turkey which distribute 200,000 young fruit trees every year. In this way Turkey has also become able to provide necessary raw material for its canning and preserving industry.

Among Turkish garden produce one must also mention the roses.

Turkey has been producing Attar of Roses since very old times. But as production had been steadily falling off during recent years it was decided to build a factory that would manufacture Attar of Roses, and in 1935 such a modern factory was established.

Together with the installation of an Attar of Roses factory at Sparta, the agricultural policy has taken in hand the question of rose cultivation. To-day the problem of creating rich and suitable rose gardens at Sparta and Burdur is being dealt with.

There is no doubt that cotton holds the leading place in Turkish agricultural production policy, because the textile industry holds the first place among the industries that have been established in the country and the most important branch of the textile industry is the cotton industry. Hence, the agricultural production policy is very seriously interested in cotton affairs from the point of view of variety, quantity and quality.

Cotton has been cultivated in Turkey since very old times, but most of it was sold to other countries. Only a small part of it was manufactured in Turkey, and then by primitive methods. The cotton-growing and cotton-spinning had not developed to any extent.

COTTON CULTIVATION.

REAL DEVELOPMENT.

The real development of the Turkish cultivation of cotton and of the cotton industry started within the last four years, although cotton-improving operations had started as far back as 1926. Experiments to determine the most suitable variety of cotton for cultivation in the country continued up to 1932. Since that date the seeds that had been chosen have been multiplied and distributed to cotton growers.

In 1932 Turkish cotton-growing and cotton-spinning were in a bad way. The crop that year had failed and was only about half the normal crop; it amounted to only 20,000 tons. On the other hand, prices were low and, as there were not enough textile factories to meet the needs of the country, Turkey was obliged to import cotton goods and cotton yarn from other countries, and had to pay out a sum of Ltqs.20,667,000.

The influence of this state of affairs on the economic life of the country was very noticeable. As it was natural that textile matters should be taken into serious consideration during the evolution started by the Republican Régime, a five years' Industrialisation Plan was elaborated, in which the most important place was given to textile factories.

In order to be able to produce the different qualities of cotton required by these factories and to be able to work in conjunction with the Industrial Plan, a cotton-cultivation programme was prepared by the Ministry of Agriculture. Moreover, the problem of increasing production in order to be able to export a surplus and thereby bring money into the country has also been considered in this programme.

Formerly, only two types of cotton were grown in Turkey—the closed and the open-pod types. The length of the fibres of the closed-pod cotton varied between 16-22 mm and were not regular or uniform. The open-pod cottons, on the other hand, were some sort of a cross between Egyptian and American cottons and were also of an irregular type. The length of the fibres of this type varied between 18-25 mm. The national factories that had been built needed cotton of 30 mm fibre-length.

As a result of scientific experiments conducted in the different cotton-growing districts, the Cleveland type has been chosen as the most suitable for the Adana district and the Acala type for the Ege district. These chosen seeds were cultivated and multiplied at the different cotton improving farms created by the Government and were distributed to the farmers. The degenerate open-pod cotton seeds were all collected from them.

In order to prevent any mixing and consequent degeneration of seeds, a law has been promulgated controlling exchange of seeds as well as the ginning factories. At Adana all degenerate open-pod cotton seeds have been exchanged with Cleveland seeds this year. During next year all the old open-pod cottons will be replaced by the Acala type in the Ege district.

Of these new types the ginning yield of the Acala is approximately 5-6 per cent. and that of the Cleveland type 4-5 per cent. more than those of the old types. Moreover, the yield per hectare of the new types, besides being considerably more than the old ones, the selling prices of the Cleveland is 4-5 ptrs. and those of the Acala 6-7 ptrs. more than the old open-pod types, a difference which is due to the better qualities of the new types. The fibre-length of the Acala is 29-30 mm and that of the Cleveland 28-28 mm.

As mentioned, efforts are being made to increase the cotton production so that the surplus may be exported after the country's own needs have been fully satisfied. According to instructions received from Ismet Inönü, the Prime Minister, production is to be increased to 500,000 bales as a first step in that direction. In order to be able to compete in the world cotton markets, another programme has been prepared which deals with the improvement of qualities, increase of yield per hectare, lowering of production cost and organisation of sales. This programme has already been put into operation

Seed-improving farms created in different cotton-growing districts are working and producing improved seeds on a large scale and will renew the seeds of the growers every five years. These establishments are also conducting cultivation experiments with the seeds that are most suitable for their districts and are showing the results to the farmers and inducing them to grow these on their farms. Great importance is being given in cotton-growing affairs to machinery, irrigation works and co-operatives, and the necessary steps are being taken to develop them.

The seed-improving farms have also been provided with sufficient circulating capital and have thus been enabled to continue their work without being a burden to the State Budget. In this way the farms, as well as being no burden on the Budget, have increased their capital two or three times over and have thus made an important profit.

Other raw materials required by the textile industry, such as flax and hemp, are also receiving attention. A flax and hemp station at Kastomoni is on the point of being created in order to increase the cultivation of these raw materials. In this way Turkey will be able to produce these two materials also, and in the quality and the quantity required by the Turkish textile industry.

WORK IN A TOBACCO FIELD.

Among the textile industries there is the one which uses wool as its raw material. The wool industry in Turkey has been a hand-worked one for many centuries. Hundreds of hand machines weave the famous Ankara mohair. The materials thus manufactured had unsurpassed beauty and fineness. But with the advent of machinery the home industries disappeared. Although wool factories were set up in their stead, the former were not able to show much activity, from one cause or another.

After Turkey gained her economic independence she worked to create a woollen textile industry by the side of the cotton textile industry. But as the wool factories in Turkey need wool with very long and fine fibres and as, unfortunately, Turkish wools do not satisfy these conditions, she has been obliged to import woollen yarns to meet factory requirements.

WOOLLEN YARN IMPORTATIONS.

Year.	Kilos.	£T
1923	156,000	495.000
1924	247,000	894,000
1925	410,000	1,309,000
1926	561,000	1,678,000
1927	448,000	1,566,000
1928	349,000	1,315,000
1929	680,000	2,857,000
1930	518,000	1,930,000
1931	670,000	2,059,000
1932	912,000	2,503,000
1933	1,691,000	3,090,000
1934	1,793,000	3,893,000

In spite of this state of affairs the Turkish Republic is making every effort to manufacture in the country itself all the yarn that is required by the woollen textile factories. With this purpose in view the installation of a kamgarn factory has been added to the five-year industrial plan. This factory will consume three million kilos of wool and with this quantity will manufacture 1,100,000 kilos of yarn. With the establishment of the kamgarn factory, yarn requirements of the local wool factories, with the exception of the very fine grades, will be obtained within the country.

The Ministry of Agriculture is also making every effort to obtain fine and long-fibre wool.

A programme has been prepared dealing with breeding and the improving of Merino sheep. There are some 11,000 Merino sheep in Turkey to-day. Moreover, the 750,000 sheep in the districts of Brusa, Balikesir and Tchanakkale will be crossed with the Merino breed, and the A-B quality—that is, the Merinos and half-blood Merinos—wool that will thus be obtained will provide 80 per cent. of the wool required by the factory. The other 20 per cent. required having to be a very fine Merino wool, the Ministry of Agriculture is considering the problem of obtaining this type by a further plan.

TURKISH MOHAIR.

ANKARA GOATS.

Mohair also holds a very important place among the raw textile materials produced by Turkey. This raw material used to be woven on hand-worked machines in Turkey and this since remote ages. But as the home industry eventually had nearly totally disappeared Turkey was obliged to export nearly all of its mohair. Besides, practically no importance was given to the mohair production at that time. But upon the creation recently of a Turkish textile industry due importance has also been given to that material.

Ankara goats are being bred in 45 Vilayets of Turkey, but they are in great numbers only in 23 Vilayets. According to the 1935 statistics there are 2,734,138 Ankara goats in Turkey. This quantity varies between 2.8 millions and 4 millions in different years.

Turkish mohair holds an important place in the weaving industry. The Ministry of Agriculture, in order to preserve the purity of the Ankara goats and to increase their number, has created a model fold at Tchiftelер. The goats are looked after in scientific way at this fold and pure Ankara goats are being bred. Every year pure-bred males are distributed to breeders for breeding purposes. In this way the breeding qualities of their flocks are being raised to a higher standard.

In 1930 there was founded at Ankara a "Turkish Mohair Association," with its central office at that city. Its purpose was to raise the grade and elasticity of Turkish mohair, to increase its production and manufacture, to standardise types and organise sales.

This influential association, as well as being subsidised by the Government, is also helped in its work by the Ministry of Agriculture, which puts at the association's disposal its own specialists. The association, in order to accomplish its task, has created a farm, near the Lalahan railway station, not far from Ankara, where it is endeavouring to raise pure and high quality breeding stock and is distributing these as reward to farmers who breed good animals.

Another raw textile material is silk, which has also been produced in Turkey since distant times. Although originally the raw silk produced was consumed by home industries, during the last years of the Ottoman Empire this latter industry, too, had nearly disappeared altogether. As a result, Turkey was obliged to export nearly all the silk that she produced and continued to do so even after the Great War. The following table gives a good idea about the silk exports of Turkey:—

Year.	Kilos.	£T
1924	154.459	1.211.106
1925	300.909	2.220.195
1926	441.997	2.534.101
1927	297.250	11.405.247
1928	588.993	2.133.892
1929	355.158	11.298.349
1930	153.994	423.480
1931	192.785	161.996
1932	103.363	66.709
1933	161.800	71.757
1934	146.640	93.072

But with the day-by-day development of the home silk industry the raw silk obtained in the country commenced to be consumed in Turkey. The working of this raw material by the home silk industry has given silk quite a prominent place in the agricultural policy of the country. A silkworm institute has been opened at Bursa with the purpose of increasing and improving the production. Furthermore, silkworm breeding and farming schools have been opened at Antalya, Denizli and Diyarbekir and every effort is being made to develop the silk production and industry.

EDUCATIONAL POLICY.

TECHNICAL STANDARD.

Turkish agriculture, in conjunction with the efficient production policy explained by the foregoing examples, is also following an educational policy in order to raise the standard of technical and agricultural knowledge in the country. The purpose of this policy is to establish modern technique as a firm base of agriculture and to give scientific knowledge in order to provide exact standards.

With this purpose in view, the agricultural policy of the republican régime has founded the Ankara Agronomic Institutes. Along with the foundation of these institutes the existing agricultural schools have also been reformed and brought to a working and useful state.

Continued on Page 42, Cols. 3 and 4.

PUBLIC HEALTH POLICY OF THE TURKISH REPUBLIC.

NATIONAL SERVICE OF MINISTRY OF HYGIENE AND SOCIAL WELFARE.

Specially contributed by H.E. Dr. REFIK SAYDAM, Minister of Health and Social Welfare.

AT the time of the constitution of the Grand National Turkish Assembly, in 1920, the situation of hygiene in the country was not at all satisfactory. The National Government, born from the struggle of the Turkish people for existence, holds that it is of the utmost importance to look after and preserve the health of the people and every factor facilitating social welfare. To that end an independent Ministry of Hygiene and Social Welfare was created.

When it was founded, the Ministry of Hygiene and Social Welfare inherited from the former Hygiene Bureau of the Ottoman Government no legal enactments other than one or two orders regarding hygiene. It had to draw up laws and decrees for the purpose of settling the lines on which the hygiene of the country was to be established. The aims of these laws and the manner of their working are, shortly, as follows:—

1. Law of Public Hygiene—This law, promulgated on 9th May, 1930, defines the part of the State as regards matters of hygiene, the tasks which have to be carried out by the departmental and municipal administrations, the organisation of the various hygiene institutions, lays down the technical and administrative bases relating to the fight against contagious and social maladies and the measures of preservation against epidemics which might threaten from abroad.

Under this law a Superior Health Council has been created whose function is to act as technical adviser to the Ministry.

TOWN WATER SUPPLIES.

CONTROL OF DRUGS.

2. Town Water Supplies—The town and village water supplies, provided by benefactors in past centuries, no longer provided the necessary hygienic conditions. The law of 28th April, 1926, charged municipal administrations and, in places where the latter was not in existence, the Councils of Elders to conduct and to distribute water under hygienic conditions for the purpose of assuring the needs of towns and villages.

3. Control of Drugs—Under the law of 15th September, 1928, the Ministry of Hygiene and Social Welfare is charged with the supervision of imports and sale of drugs—opium, morphia, cocaine, etc. Subsequently, the Turkish Grand National Assembly, having approved of the Convention of the Hague in 1912, and those of Geneva of 1925 and 1931, and having thus accepted the ruling of the international arrangements, the above-mentioned law has been modified so that its terms are in accordance with these conventions.

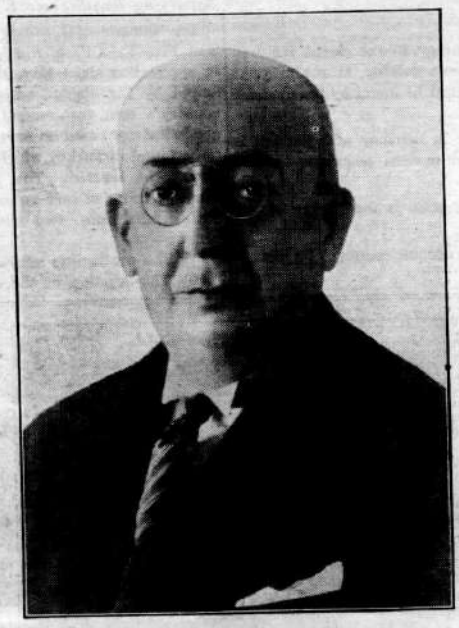
MINISTRY OF HYGIENE, ANKARA.

Thanks to this law, to-day the Ministry of Hygiene has control over all drugs. This measure has had a very troublesome repercussion on the economic situation of hundreds of thousands of families who obtained their living by the cultivation of opium. But the Republican Government has not hesitated to cause even such sacrifices in order to further humanitarian aims and encourage international efforts in the combat against drug traffic.

4. Laws Relative to Medicines and Chemical Products—Chemists' shops, although private businesses, are of great importance as regards the health of the population. The law of the 24th December, 1927, defines the conditions of operating hours and the functions of the shops; the numbers of chemists' shops which may be in existence in proportion to the numbers of the population, and the mode of control by health inspectors. Further, laws have been enacted as regards conditions which have to be fulfilled by pharmaceutical products and medicines, and decrees and ordinances passed relative to businesses selling toxic products used in industry and agriculture and governing the sale of such products.

The Turkish Codex lays down the method of preparation of medicines, their qualities and tests. It has been drawn up by a commission of specialists and made Constitutional by a special law. The first Turkish Codex was published in 1930. Revision began in 1935.

5. Analytical Laboratories—The laws of 19th March, 1927, and the relative decree have defined the conditions to which laboratories making chemical and biological analyses have to conform.



Project for a law for the control of establishments giving X-ray, radium and electrical treatments has been submitted to the Turkish Grand National Assembly for approbation.

6. Legislation re the Organisation and Administration of Hospitals—By the word "hospital" is meant all establishments where bed-patients are nursed. State hospitals are those dependent on the Ministry of Hygiene or the departmental and municipal administrations. Private hospitals are those founded by doctors or individuals.

A special decree defines the method of interior administration of the State hospitals. The law of 29th May, 1923, and the rules laid down under it cover the different private hospitals, their method of installation and administration, etc.

7. Medical Profession and Auxiliaries—The law of 11th February, 1928, lays down the conditions governing the medical profession, as such, and the qualifications, under law, of such members of the profession as doctors, surgeons, dentists, nurses, sanitary inspectors, etc. Medical Councils, set up under the law, have rendered great services as regards professional solidarity, etc.

STATE AUTHORITIES.

TRAINING SYSTEM.

1. Doctors—At the beginning, the lack of authorities suitable to be employed by the State for hygiene service was clearly felt. The successive wars, and their aftermath, had increased the number of doctors. The new organisations cried out for many. There was great difficulty in procuring the necessary number to work in the hospitals and other hygiene organisations.

In the endeavour to remedy this situation, from the beginning of 1923 onwards each doctor holding a degree had to do two years' State service. A hostel was founded in Istanbul for medical students, everything being at the cost of the State. Pupils from this hostel, as soon as they become doctors, have to do State service for a period equal to two-thirds of the time spent at the expense of the State. As soon as the first of these students received their medical degrees the obligatory service for free pupils, qualifying at the schools of medicine, was abolished.

The number of doctors holding a degree of the Faculty of Medicine of Istanbul and coming from the hostel was 95 in 1936. At the moment there are 771 pupils in the hostel. Although the number of free students augment from year to year, a single Faculty of Medicine is not able to cope with the actual needs of the country. In consequence it has been found necessary to found a second Faculty of Medicine at Ankara.

2. Nurses—Before the days of the Turkish Republic nurses trained at the Istanbul hospitals. In 1925 the Red Crescent Society founded a school for nurses in Istanbul, with a three years' course. Here, again, the number of nurses passing out each year increases; but not sufficiently to meet the needs of the country. So a second school for nurses is being established in Ankara.

In 1935 a school was established in Istanbul for the training of visiting nurses. There is a similar school for certified midwives.

3. Sanitary Inspectors—These are charged with vaccinations, innoculations, etc. Their province is usually the small village and district dispensaries. They train at one of two schools—day pupils at Istanbul, resident pupils at Tchoroum.

4. The School of Hygiene—Following the example of certain countries in Europe and America, the Ministry of Hygiene has established a School of Hygiene at Ankara. A special building has been erected, wherein State officials of the Hygiene Service take refresher courses. This special school was opened on 2nd November, 1936.

HOSPITAL ESTABLISHMENTS.

MEDICAL ASSISTANCE.

In 1923, in the whole of Turkey there were only 78 hospitals of any kind, not counting military establishments. There were 56 hospitals and 22 dispensaries with beds—in all 4,595 beds, or 0.3 beds per thousand inhabitants. If a further 2,717 beds, in private hospitals, foreign hospitals, etc., be taken into account the total number of beds was only 7,312. Naturally this number did not meet the requirements of the country.

The Republican Government at once set about remedying this state of affairs. A special law made it obligatory for each department throughout the country to own its own hospital and fixed the minimum number of beds in respect of the population concerned. As this, owing to Budget considerations, would be bound to take some time, the Ministry of Hygiene and Social Welfare founded in such localities as it judged to be suitable model hospitals, hospitals for nerve cases, crèches, etc.

In consequence, by 1936 the number of beds in public nursing institutions amounted to 10,300, or an increase of 224 per cent. in 13 years. Whereas 13 years ago there were only 28 public hospitals, to-day there are 489, of which 85 are dispensaries without beds.

In almost each capital town of a district where it has been impossible to found a hospital there is a dispensary and social welfare institution possessing from three to 10 beds. All medicine is free. Certain districts which have sufficient funds have inaugurated rural nursing services; these are gratis.

The numbers of private hospitals have increased in recent years from 45 to 82 and the beds from 2,717 to 3,319.

All the big organisations employing a large staff (business organisations, industrial firms, building and construction enterprises, public services, etc.) run their own medical services. The latter, too, come under the supervision of the Ministry for Hygiene and Social Welfare.

MATERNITY CONDITIONS.

CARE OF CHILDREN.

As regards maternity welfare and care of children, the Public Health Law contains a number of fundamental enactments. Maternity cases are dealt with gratis under these enactments, all attendance of whatsoever kind being free in the case of poor people. Under the same law, mothercraft-centres are set up by the municipal administration of each town. Each model hospital dependent from the Ministry of Hygiene has its gynecology and obstetrics department, and in villages where it is deemed necessary crèches have been set up and are administered with funds provided from the budget of the Ministry.

Each municipal authority throughout the country has to provide funds for the salary of at least one certified midwife, and by law each village, or important group of villages, must possess one as well.

At the time of the creation of the Ministry of Hygiene and Social Welfare, epidemics and the sicknesses giving rise to them were among the most urgent problems which had to be solved.

MODEL HOSPITAL AT ANKARA.

1.—Malaria.—The struggle against malaria was first undertaken in 1925 in the town of Ankara and its environs. Subsequently it was taken up in the Department of Ankara and in those of Aydin, Adana, Smyrna and Mougla. Gradually the field was increased, until to-day 70 towns and 3,588 villages have been formed into 11 different zones dealing with marsh fevers.

2. Trachoma—For a long time many people in the provinces of the South and East of Turkey have suffered from trachoma. For some ten years now this malady has been officially tackled, at present 426 villages and 12 towns are concerned.

3. Tuberculosis—The struggle against tuberculosis is only beginning in Turkey, but it is being strenuously pursued. The Ministry of Hygiene and Social Welfare has provided the funds for sanitoria, hospitals and dispensaries equipped with the very latest anti-tubercular installations.

Among the establishments set up by the Government of the Republic for the improvement of public health the most important is the Central Institute of Hygiene, at Ankara. It was founded under a special law. Its task is to apply, in the domain of public hygiene, latest scientific knowledge and to carry out implementing studies. It possesses a section which produces serums, vaccines, etc., in quantities suitable to the country's needs.

THE SUMER BANK: ITS FUNCTIONS IN THE INDUSTRIALISATION OF TURKEY.

IMPORTANT STATUS IN CONNECTION WITH PROMULGATION OF THE FIVE YEAR PLAN.

Specially contributed to "The Financial Times" by Dr. NURULLAH E. SUMER, Director-General of the Sümer Bank.

TURKEY is at present undergoing a profound structural transformation: Our country is being rebuilt on an industrial plan. This metamorphosis on a vast scale is, however, the work of the organising spirit of the State rather than an instinctive social event. Herein lies the difference between it and the industrial revolutions of history.

The significance and importance which we in Turkey attach to this movement are great. For this event will be the expression of the radical reinforcement of our economic structure by modern technique and its integral transformation into an advanced economic system.

National Improvement.

The question of the industrialisation of Turkey to the extent required constitutes, from this point of view, if not the most striking, at any rate one of the most vital problems for which a solution must be found by the dynamic energy of the Turkish Revolution.

The genesis of this spirit, which is moreover in harmony with the age, is to be found in a striving towards culture and modern technique for the improvement of a nation on its own soil.

A Turkey forged and modelled on this conception is the Turkey of our ideal.

The movement of industrialisation is not new for our country. Its history can be definitely divided into two parts.

PRIVATE UNDERTAKINGS.

State Assistance.

The first represents the period during which, by promulgation of measures of encouragement, private undertakings were asked to produce their maximum output. The law for the protection of industry and the various facilities which it granted merely aimed at creating a propitious atmosphere for the free development of national industry. This phase is thus characterised by great activity of private initiative backed by the Government.

The second period of the industrialising movement has as its salient feature the direct intervention of the State or its participation in this activity. On the basis of its supreme authority it has assumed the task of creating and organising, upon a definite plan, the key industries which it had hitherto been impossible to take in hand owing to the lack of adequate financial resources.

The object in view and the fundamental idea is to transform Turkey into a self-sufficient economic unit.

This evolution towards State control in the reconstruction of Turkish economy is determined by various considerations. Economical nationalism is forced upon us as being a necessity for safeguarding our existence and supporting it.

This new economic orientation constitutes, at the same time, a healthy and safe method for the recovery and regeneration of our country.

The evolution in question is further reinforced by other factors, such as the desire to ensure for the Turkish farmer, who has suffered from the fall of world prices of raw materials, a more fruitful field for his labours, and to provide against the scarcity of foreign currencies caused by the contraction in the volume of our exports.

The Five Year Plan of Industrialisation is the concrete manifestation of this imperious necessity.

FIRST FIVE YEAR PLAN.

Satisfying Requirements.

The fundamental principle of the first Five Year Plan, which has been in application since May, 1934, is inspired by the idea of satisfying the country's own requirements. These are industries based on raw materials to be found in Turkey which were the first to be created. This industrial activity, initiated and guided by the State, falls into two main categories:—

(1) The production of foodstuffs.

(2) The creation of the means of production indispensable to national economy.

The following are the industrial groups provided for within the framework of the first Five Year Plan:—

(1) Textile industries (cotton, wool, hemp).

(2) Cellulose industry (cellulose, paper, cardboard, artificial silk).

(3) Ceramic industries (porcelain, bottles and glasses).

(4) Mining industries (iron and steel, semi-coke, copper, sulphur).

(5) Chemical industry (sulphuric acid), superphosphates, chlorine, caustic soda).

The financial plan provided at the outset for an expenditure of £T.44,000,000 (in round figures), which, after amendments in the final plans of installations, was somewhat increased.

It is the Sümer Bank which has been entrusted by the State with the application of the greater part of the industrial Five Year Plan.

BANK'S CREATION.

Defined Objects.

The Sümer Bank, created in 1933, with a new and vast mission, is the successor to the Bank of Industrial Credit of Turkey and the State Industrial Office, which were liquidated.

The law constituting the Bank defined its object as follows:—

(a) To exploit the factories and works belonging to the State.

(b) To administer the State participations in private industrial enterprises.

(c) To prepare the reports and plans of all new State industrial installations which it is to create and manage.

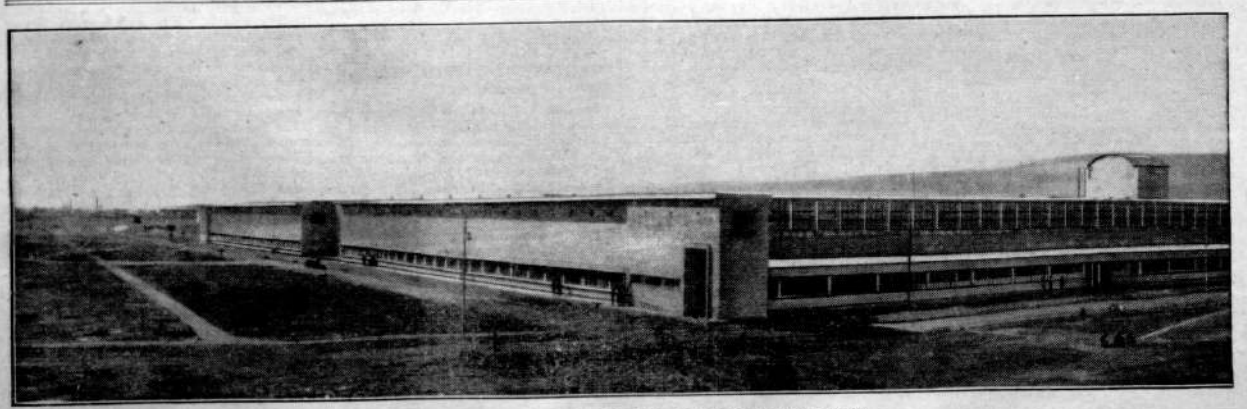
(d) To participate in or give its support to the measure which its capital permits to the industrial enterprises, the creation or extension of which are considered of profit to national economy.

Its original capital of £T.20,000,000 has now been raised to £T.65,000,000 in order to provide the Bank with the funds required for the application of the first Five Year Plan.

The sums invested through the medium of the Sümer Bank alone, during the first two and a-half years of the programme which came into application in May, 1934, actually amount to £T.20,000,000. This sum will be doubled, in the course of next year, owing to new and important creations (iron and steel industry and chemical industry).

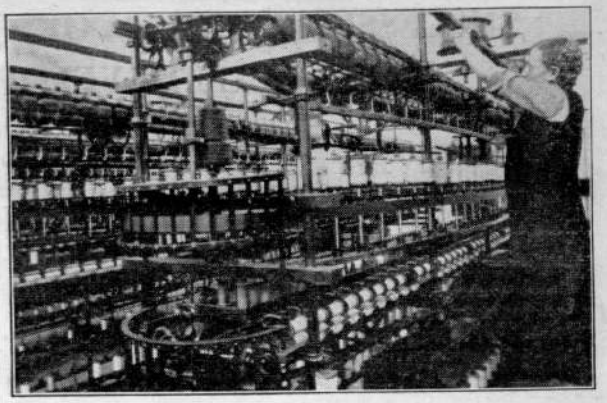
Part of this capital outlay has found its way into the internal markets of

Continued on Page Thirty-Five.



THE TEXTILE COMBINE WORKS, KAYSERI (PART VIEW).

KUTAHYA: WOMEN DECORATING VASES IN A CERAMICS FACTORY.



SPINNING FRAMES OF THE IPEKIS SILK WORKS AT BURSA.

THE SUMER BANK: ITS FUNCTIONS IN THE INDUSTRIALISATION OF TURKEY—II.

Continued from Page Thirty-Four.

labour, and goods in the form of payment of workers, purchases of building material, etc. The remainder has flowed into foreign markets for the acquisition of machinery and other plant. The increase of our industrial investments thus stimulates the home markets on the one hand, and on the other transforms Turkey into a safe and powerful customer of the industrial countries.

One fact should be noted here: Turkey, who before this movement of industrialisation represented a market of consumption for manufactured products, is now in contact with foreign markets as a purchaser of materials for manufacture and production. This indicates that, by the influence of industrialisation, Turkey is participating in a new form, and to a greater extent, in world economic relations. The fluctuations in our imports of machinery alone give a clear idea of this. Our country, which in the seven first months of 1935 imported 9,000 tons (£T.6,000,000) of machinery, saw these same imports rise, during the first seven months of 1936, to 16,000 tons (£T.10,000,000)—that is, a rise of 72 per cent.

The capital outlay of private industry (that is, the establishments benefiting by industrial protection) on machinery, implements and utensils in the last three years has shown the following increase:—

Year.	Outlay on machinery and implements.	Percentage of increase over the previous year.
	(£T. 1,000)	
1932	55,882	—
1933	63,373	+ 13.40
1934	67,762	+ 6.93

These figures may be regarded as proof of the rising tendency of our imports of raw materials for manufactures under the influence of industrialisation.

The capital outlay provided for, in the first Five Year Plan, was fixed at figures covering the minimum requirements, as it were. An increase in these figures is considered possible, from two points of view.

The production capacity of the industrial creations, contemplated in the programme, is calculated on the basis of the average figures for imports of the five years next preceding the Five Year Plan. And the production of the factories had been fixed at a figure to cover a certain percentage of these average figures. Now, as a natural result of industrialisation, the purchasing capacity which has risen to a higher level in Turkey has, to-day, given rise to the necessity for enlarging these installations.

According to the calculations of the Estimates Department of the Sümer Bank, the country's purchasing power has risen considerably in regard to agricultural products as compared with manufactured products. This purchasing power for agricultural products shows an increase of 24.28 per cent. in 1934 as compared with 1933; but in 1933 this was 43.19 per cent. as compared with 1933. Further, the factories created to correspond to a certain percentage of the imports were obliged—once they came into touch with the home market—to raise this percentage, considerably, in a very short space of time.

It should further be noted that many of our vast regions in Eastern Turkey, as markets presenting economic possibilities, are becoming more and more closely connected with our chief markets, thanks to the daily increase in means of transport. The extension of our home markets thus prepares possibilities of sale which are very favourable to an industry in process of creation.

The first Five Year Plan, which represents the first stage covered in the systemisation of national industrial policy, is being carried out in a normal and methodical manner. The greater part of it will be finished by the end of 1938, and the iron and steel industry, the creation of which will be undertaken at the beginning of 1937, will be in working order at the end of 1939.

The work carried out under the plan since 1934 may be enumerated as follows: The cotton textile combine of Kayseri, the Ismit paper works, the enlargement of the cotton mills at Bakirkoy (Istanbul), which were founded in the first year of the Plan, are now in full activity as important units of the industrial system of the State.

The attar of roses factory of Isparta, created in participation with the Ish Bank of Turkey, marked the close of the second season of its activity. The sulphur works at Keçiburlu, created in the same way, supplies Turkish sulphur of a superior quality.

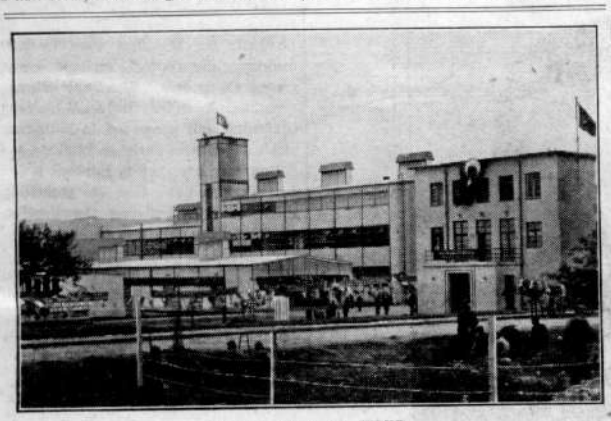
The cotton mills of Erögli, which began to be built in the second year of the Five Year Plan, will shortly combine the group of cotton manufacturers. The combed-merino wool factory, the cloth works at Nazilli and the artificial silk mills at Gemlik, whose building and installation is proceeding according to plan, will come into operation during 1937.

We are now at the beginning of the third year of application of the Plan. The Sümer Bank, in the course of this third year, will concentrate its efforts on iron and steel. Anglo-Turkish collaboration has just been arranged at Angora for the creation of these factories, which will be installed at Karabük, Northern Anatolia, and are designed for an annual productive capacity of 120,000 to 200,000 tons.

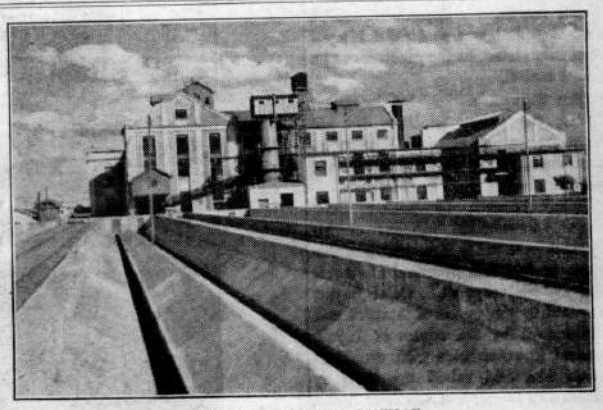
While methodically pursuing the first plan, the State has prepared the bases for a "Second Industrial Five Year Plan," providing for new creations which have been considered necessary from the viewpoint of economic interests and requirements of a general nature.

The second Five Year Plan has been conceived on a vaster scale both from the point of view of diversity and in relation to the capital outlay required. The mining industries, the regional electrical centrals, the ceramic industry, the industry of chemicals and machinery and the maritime industries have pride of place in this second plan. As the list of objects shows, its main purpose will be to facilitate and regulate the production of export commodities. It would be well to mention here, among other things, that intensification of our mineral production is of a nature to augment considerably our buying power in the world markets.

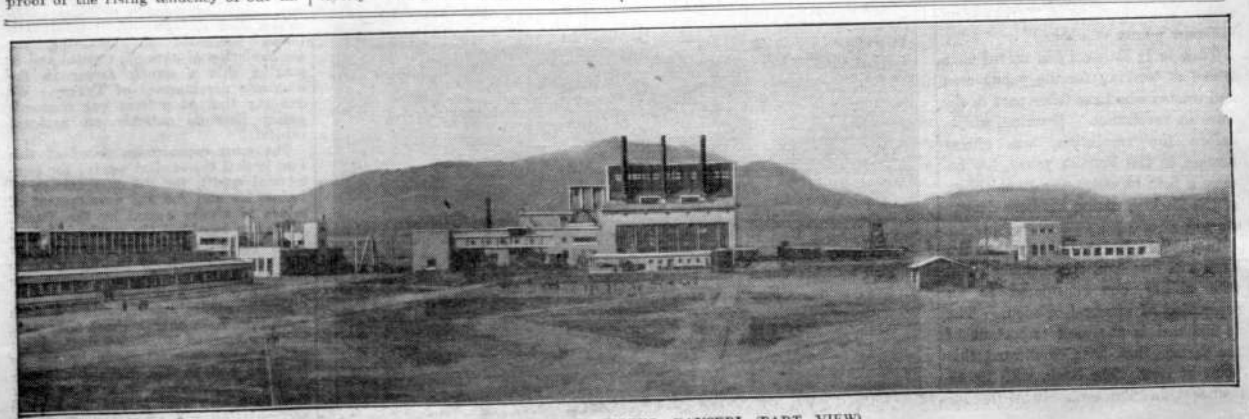
Turkey, whose efforts are directed towards security and comfort at home, will be able, once this reform has been accomplished, to play a more effective and active part in the international economic organism, and thus will benefit both herself and the world at the same time.



PAPER MILL AT IZMIR.



THE REFINERY AT OUCHAK.



THE TEXTILE COMBINE WORKS, KAYSERI (PART VIEW).

SUCCESSFUL ROLE OF THE IŞ BANK IN THE ECONOMIC DEVELOPMENT OF TURKEY.

DISTRIBUTION OF NATIONAL CAPITAL AND OTHER ASSISTANCE TO COMMERCIAL AND INDUSTRIAL SPHERES.

Specially contributed to "The Financial Times" by MUAMMER ERIS, General Manager of the Is Bank.

ATATÜRK, the creator of the Turkish revolution, on the anniversary of his victorious offensive which delivered the country from enemy occupation, founded an institution in Ankara and named it the "Iş Bankasi" (the business bank).

There were some who did not expect this little institution, whose real nature was not then clearly understood, to be destined to perform such important functions in the future. But those who believed in the greatness of Atatürk also believed that the institution which he founded would be the beginning of a new revolution in the country.

At the time when the Iş Bankasi was founded, only a strong belief in Atatürk would make one believe that the Turkish revolution, which was then at its beginning, might, in the very near future, bring about such a great and important recovery in the economic life of Turkey.

BANK'S INCEPTION.

Its Purpose.

To change the country into a happy land, to let the Turkish nation enjoy wealth and prosperity, were some of the sacred aims of Atatürk and of the revolution that he created. Atatürk, who desired that the nation should arrive at this goal as soon as possible, founded the Iş Bankasi for this purpose.

The greatest power of this bank, which started its operations with a modest capital, was, as Atatürk himself so clearly stated, in the greatness of its moral capital.

The Turkish nation, led by Ismet Inönü, the Prime Minister, did not spare any help to make this institution a strong financial organisation in the near future.

Inönü himself, by letting Celal Bayar, a valuable member of his Cabinet, assume the directorship of this bank, in fact had promised his moral and material support. Celal Bayar, inspired by the genius of Atatürk and enlightened by the advice of Inönü, worked in accordance with directives given him and raised the little Iş Bankasi to the level of the great banks of Turkey and of the whole world.

The role played by this bank in the economic life of Turkey is part of the revolutionary history of this country. It is not difficult to see what brilliant and dazzling results have been obtained by the Turkish revolution if the first days of the Turkey of Atatürk, a Republic which inherited a heap of ruins from the Ottoman Empire, are compared with the condition of the country thirteen years later.

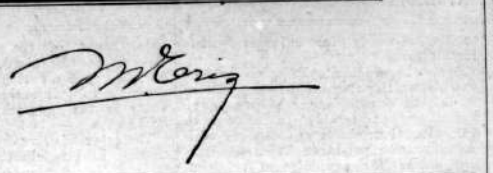
ECONOMIC DEVELOPMENT.

Institution's Work.

The Iş Bankasi is an institution which has been able to carry out the duties assigned to it in this great effort for recovery. We can study the part played by the Iş Bankasi in the economic development of Turkey from different points of view.

Türkiye Iş Bankasi has served as a school of banking for the young men and women who have taken part in the Turkish revolution. Banking, which, before the revolution, was almost foreign to the Turkish youth, has become a field in which the great ability of the Turkish nation has been demonstrated.

In the olden days, to say that the Turk could work in this technical field with ability was considered as an expression of unsound opinion. The Iş Bankasi is the most important of the factors that have eradicated this point of view. The bank, with its 49 branches in Turkey and in foreign countries, and with its 590 young employees, may now be rightly called "a modern Turkish bank."

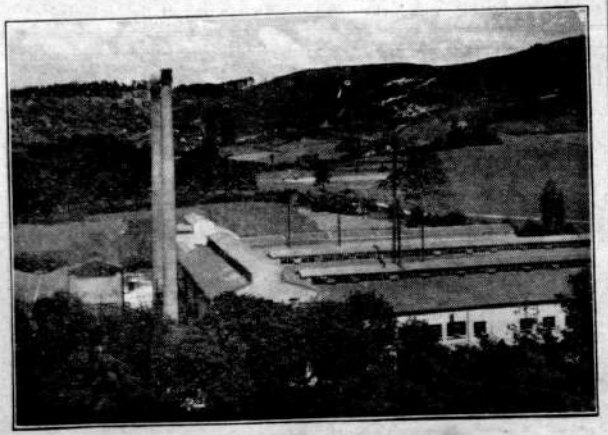


If we take into consideration the industrial and commercial institutions created by the bank, we find thousands of young men and women, all Turks, working in the fields of banking, insurance and business, who have been trained and prepared by the Iş Bankasi and presented to the country.

Thus we see that in the Turkish recovery no need for the help of foreigners has been felt and all that has been accomplished is entirely due to Turkish intelligence and capacity.

Young men and women who believed in the revolution, and who had their hearts full of confidence, in order that they might work on the economic front of the Turkey of Atatürk, joined the ranks of the Iş Bankasi with great alacrity. The first step thus taken by the Iş Bankasi was then followed by the already-existing or newly-founded Turkish banks. It is thanks to these efforts that the real Turkish banking has been established.

This is another fact indicating that the Turkish nation is a cultured and civilised nation also in the field of banking and has the capacity to organise and to run the most modern economic and financial institutions.



PAŞABAHÇE GLASSWORKS, ISTANBUL.

NATIONAL SAVINGS.

Developed Movement.

Another educational work carried on by the Iş-Bankasi is to be found in the field of the national savings movement. Due to the fact that national banks in the country were very few, and that the people lacked confidence in the government of the Sultanate, the savings of the nation were diverted into wrong channels and an abnormal situation existed.

Iş Bankasi depended entirely on the confidence inspired in the people by the Inönü Government, and thanks to its modern organisation and to the speed in its transactions, not to be surpassed even in foreign banks, succeeded in developing a conviction among the people that the republican régime could create wonderful things in the field of banking.

In order to develop the movement for saving more extensively, the Is Bankasi, for the first time in this country, distributed savings boxes among the people. The bank showed great activity in this field from the very beginning and succeeded in obtaining small deposits as early as 1928.

One may say that Iş Bankasi is the first Turkish bank that has created a spirit of saving among the Turkish youth and has obtained good results.

AMOUNT OF DEPOSITS.

Great Utility.

There was thus started in Turkey a movement for the accumulation of national capital. These results, which we shall take up below, represent a high degree of national culture in the economic field. At the beginning of this national movement, savings deposits in all banks in Turkey amounted to 500,000 Turkish liras. To-day the amount of savings in the Turkish banks, more than half of which is in the Iş Bankasi, has already exceeded 100,000,000.

For the economic recovery of Turkey, above everything else, there was the need of accumulated national capital. In spite of this need the Government of the Ottoman Empire, which, itself, had to depend on foreign capital to balance the Budget, far from encouraging the accumulation of national capital, actually took measures that prevented such accumulation.

The fact that banks were in the hands of foreign elements and that all undertakings related to commerce, public works and mines in the country depended on foreign capital allowed no meaning to be attached to the concept of "national capital."

TURKISH CAPITAL.

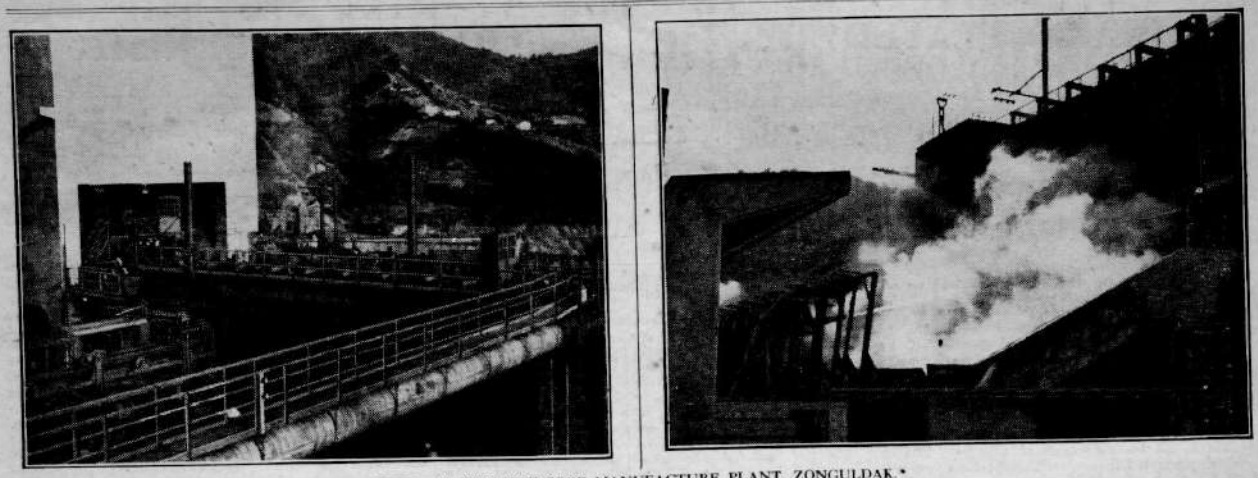
Its Strength.

Türkiye Iş Bankasi, which started its operations under such economic difficulties and unfavourable mental attitudes, succeeded in obtaining the accumulation of national capital and in making this a strong factor in the economic development of Turkey. We can say that at present our economic policy depends entirely on national capital.

The most conspicuous proof of this fact is that the capital needed for commercial credit, for the organisation of industries and for the development of mines is wholly owned by the Turks. When one considers the results obtained from the efforts of the last seven or eight years one finds it impossible to imagine that anybody could doubt the strength of the Turkish capital.

Turkish capital, which could not reach a million liras only a short time ago, has now reached 100,000,000 liras. With such efforts as were made by the Iş Bankasi and in the prevailing atmosphere of confidence, we have no doubt that in a very near future this capital accumulation will reach billions.

Continued on Page 37.



VIEWS OF THE SEMI-COKE MANUFACTURE PLANT, ZONGULDAK.*

SUCCESSFUL ROLE OF THE IŞ BANK IN THE ECONOMIC DEVELOPMENT OF TURKEY.—II.

Continued from Page Thirty-Six.

Türkiye Iş Bankasi feels a great pride in being the leader in the effort for the accumulation of Turkish capital in which all the other national banks have later joined.

Iş Bankasi has also played an important rôle in the distribution of the national capital among commercial and industrial enterprises. We must mention here that at the time when Iş Bankasi was organised the commerce and industry of the country were in a deplorably difficult situation. Turkish merchants who were accustomed to receive credit only from the foreign banks found the doors of these banks either partly or fully closed, and realised the importance of national capital.

Iş Bankasi, thanks to its technical organisation, created an atmosphere of confidence favourable for saving, and by adhering to the principles of sound banking in the use of the capital thus accumulated for the needs of national economy obtained great results.

The activities of the bank in the fields of commerce and industry are worthy of consideration both from the point of view of the distribution of the risk and of their agreement with the economic programme of the country. In fact, Iş Bankasi in the last ten years has been active both in trade and industry:—

FOREIGN TRADE.

Facile Credit.

(1) Our foreign trade, which began to grow rapidly after the revolution, was in great need of credit. Credit operations of the foreign banks, which were limited in scope, could not meet this need. On the other hand, moneylenders who operated in the home market charged such exorbitant rates that it was impossible to make use of this credit in a profitable way. The Iş Bankasi, which from its first years devoted all its energy to meet the credit needs of trade and industry, opened branches in different parts of the country and succeeded in reducing interest rates and in establishing normal conditions of credit.

Steps thus taken to meet the credit needs of the country not only developed business activity but also helped recovery in the farming districts.

(2) In order to assure the sale of Turkish products in foreign lands and to develop the foreign trade of the country, it was found necessary to extend the activities of the bank into foreign markets. For this purpose the bank made easier credit terms for merchants dealing in foreign trade. At the same time, in order to take more active part in export trade branches were opened in such important trade centres as Alexandria and Hamburg. It was thus possible to follow the Turkish export trade from the producer to the foreign market and to meet its credit needs in each phase of its development.

SALE OF PRODUCTS.

Mineral Potentialities.

The Iş Bankasi did not confine its activities to the field of credit. It decided to take active part in the realisation of the foreign trade policy of the Inönü Government. So it took steps to assure the sale of Turkish products in foreign markets at the most advantageous terms. Limited companies were organised for this purpose. "Iş Limited" is the first of them. Later, Iş Komimport G.m.b.H." at Hamburg, "Misir Iş Limited" at Alexandria and "Pamuk Iş Limited" at Adana were organised. These companies have greatly helped in the development of the Turkish export trade.

(3) The wealth of Turkey is not confined to agricultural products. The mineral wealth of the country is also of great importance. Until the promulgation of the Republic there was no national organisation to exploit the mineral resources of the country. On the one hand there were individual operators whose technical and financial capacity was not at all sufficient, and on the other hand there were some foreign companies. Mining in Turkey was not a national industry.

The Iş Bankasi feels a great pride in being the institution that took the first steps to operate the Turkish mines with native capital and on a large scale. In the first years of its existence the bank promoted two companies to operate in the coal-mining district of Zonguldak, "Türkis" (Maden Kömürü Işleri Türk Anonim Şirketi) and "Kömüriş" (Kozlu Kömür Işleri Türk Anonim Şirketi).

Although these two companies have friendly relations with the foreign companies on the field, they are leaders in the movement to put the exploitation of the Zonguldak mining district, the main coalfield of the country, into the hands of native organisations.

When the Iş Bankasi added the "Kilimli Madenleri Türk Anonim Şirketi" to the above-mentioned companies the mineral wealth indirectly owned by the bank reached a considerable amount. These companies are run entirely by Turks. Due to the technical perfection reached in the exploitation, coal production has greatly increased. It has thus been possible not only to satisfy all the needs of the local market but also to make exports.

Two years ago a semi-anthracite factory was established by the Türkiş. The splendid product of this factory is being used all over Turkey. An end has been put to the importation of foreign cokes into a coal-mining country like Turkey.

The Iş Bankasi, together with the Sumer Bank, has organised another company to exploit the sulphur mine of Keçiburlu. It has also largely participated in the company exploiting Argani Copper mines.

INDUSTRIAL PLAN.

Financial Assistance.

4. The Iş Bankasi is leading also in the application of the national industrialisation plan. The sugar factory which was founded at Alpullu in the early days of the bank received a great deal of financial assistance from it. Finally, most of its shares passed into the hands of the bank.

The Iş Bankasi, which has been helping the sugar industry from the very beginning, established, together with the Sumer Bank and the Agricultural Bank, another sugar factory at Eşkişehir. A third factory at Turhal was founded together with the Agricultural Bank. Sumer Bank had another sugar factory at Uşak. These four factories have now been united to form "Türk Şeker Fabrikalari Anonim Şirketi." This is a company in which the Iş Bankasi, the Sumer Bank and the Agricultural Bank have equal number of shares. After this consolidation the Turkish sugar industry is now in a position to satisfy all the needs of the country.

Türkiye Iş Bankasi has been active in the field of textile industry also. "Ankara Mensucat Fabrikasi Türk Anonim Şirketi," a company organised by the bank, established a textile factory at Ankara for woollen products. Another factory for silk products is owned and operated at Brusa by "Brusa Dokumacilik ve Trikotaj Türk Anonim Şirketi," also promoted by the Iş Bankasi.

These two companies, of which the largest shareholder is the Iş Bankasi, provide woollen and silk goods for the use of the people all over the country. Their products are such as to satisfy the most discriminating persons. The Iş Bankasi has thus succeeded in completing another item in the industrialisation plan of the country.

THE IS BANK, ANKARA.

GLASS AND TEXTILES.

All-Turkish Insurance.

It is the Iş Bankasi that first founded the glass manufacturing industry in Turkey. The glass factory established on the Bosphorus is participated in and financed by the bank.

The Iş Bankasi is taking part in the establishment of a cotton thread and textile combine at Malatya. The other two banks joining in the same undertaking are the Sumer Bank and the Agricultural Bank. The Iş Bankasi, which is carrying out all the work allotted to it in the industrialisation plan, has become an important factor in the economic development of the country.

5. At the time when the Iş Bankasi first entered the banking field, this kind of activity was almost entirely in the hands of the non-Turkish elements. So was insurance. The bank took the lead in the field of insurance also by organising "Milli Reasürans Şirketi" (the National Reinsurance Company). This institution, which is run entirely by Turks, has been able to make a name for itself in Europe. The bank has established two more insurance companies, Anadolu and Ankara.

It can now be said that insurance in Turkey has become a national industry. The young Turkish employees have been most successful in the operation of this most technical business. We thus see that in this field also the Iş Bankasi has become an important factor in the development of national economy.

NATIONAL DUTY.

Eventual Goal.

The activities of the Türkiye Iş Bankasi, which we have thus far summarised, represent nothing but a small section of the programme of recovery made by Atatürk and by the Inönü Government. Like every real Turk who would work with love and deep respect in response to the orders of Atatürk, the Iş Bankasi and all those who are connected with it consider their work as a national duty.

The greatest factor in the success of this bank is the fact that the first general director, Celal Bayar, and all the employees have remembered the great honour which Atatürk bestowed upon this bank when he said "It is mine." Those who work under the responsibility thus put upon their shoulders apply the directives of the leader with devotion. The goal of these directives is to make the Turkish nation the wealthiest nation and Turkey the most prosperous country of the world. Türkiye Iş Bankasi is nothing but a pathfinder in the road leading to this goal.

PART PLAYED BY THE ETI BANK IN TURKISH NATIONAL ECONOMY.

AIDING EXPLOITATION OF THE COUNTRY'S MINERAL RESOURCES.

Specially contributed to "The Financial Times" by ILHAMI N. PAMIR, Director-General of the Eti Bank.

THE first task, conceived in the spirit of civilisation and of European culture, of the modern Turkey constituted by the will and the unfaltering perseverance of her great creator Atatürk, and restored to peace by the Treaty of Lausanne—which restored her independence in all domains, was naturally to abolish, first and foremost, the age long institutions which were the unwholesome legacy of the old regime.

Once these old institutions were abolished, endeavours were made to make up for the accumulation of centuries of intolerable negligence and, by well directed activity, to endow the country with the means of securing a well conceived economic and political unity. Although at first she had to yield to all the exigencies of a policy which promoted these various activities of the national economy by means of considerable measures of protection and encouragement, the new Turkish Republic did not fail to conform its economic policy to an almost liberal system.

Nevertheless, being a country which was the theatre of successive wars, and also owing to political conditions inherited from the Ottoman Empire, Turkey was left without any accumulation of capital and, indeed, was despoiled of what it had once possessed. She was certainly not in a position to commit herself to the general trend of an economic policy of ultra-liberal type.

This type was more appropriate in the spheres of industrial economy which called for the mobilisation of considerable capital. But a liberal policy amounting to "laissez faire" could not be tolerated in a domain which represented the most important requirements of the national economy.

INDUSTRIAL PLAN.

Relevant Factors.

This was what made it necessary for economic activities, which called for enormous amounts of capital and an advanced industrial technique, to pass into the hands of the State. The Government of the Republic, realising in time the necessity for meeting this requirement, began by embarking, first, on unco-ordinated activities, but then proceeded to draw up an industrial Five Years Plan. It must be admitted that the world crisis had a good deal to do with the drawing up and application of a methodical plan.

It is not the purpose of this article to analyse the first Five Years Plan of Turkey. Nevertheless, it will be useful to draw attention to the following points which determined the causes necessitating the foundation of the Eti Bank.

It is undeniable that the industry of products of consumption constituted the centre of gravity of the first Five Years Plan. This programme also included the steel industry, one of the most important branches of the industry providing means of production—that is, the heavy industry.

One of the most conspicuous features of the present regime is the supply of solid bases for all activity undertaken in Turkey, and hence for any movement of industrialisation. This is why one could not and in fact did not neglect, on the one hand, the mining industries which constitute the basis of the heavy industry and, on the other hand, the electrification of Turkey, which aims at supplying, at a low cost, motive power for industry and at cheap rates abundant lighting for the population.

BANK'S CREATION.

Mineral Resources.

It was for the purpose of carrying out this fundamental idea that the Eti Bank was created.

While the foregoing considerations conduced to set the leaders of Turkey on this path, there was another motive which accelerated the movement. This was the natural wealth of the country in mineral resources, which enjoyed a reputation going back to the Hittite (Eti) and Sumerian civilisations. Yet, although Turkey was so richly endowed by nature, she never ceased to be the field of ruthless exploitation by the speculators of the Ottoman Empire.

Under the Empire, both foreign and Turkish prospectors had no other object but to obtain concessions only to transfer them at great personal profit. This general mania militated against the idea of the rational exploitation of these mines and the foundation of a mining policy of public utility. Meanwhile, this mentality became more deeply rooted still by the increasing vogue of making a speculation of mining activities; instead of undertaking geological research and prospecting for minerals, while bearing the charges consequent on such activities, the speculators found it more convenient to get rich quickly.

Consequently, our mineral wealth remained untouched and unexploited, or else the national fortune was squandered in destructive exploitation as in the case of the coal-mining basin of Zonguldak. Thus it was that the export of ores and metals constituted in 1913 only 4.96 per cent. of the total exports.

The Republican Government could not fail to take this deplorable state of affairs into consideration in order to find a remedy. First of all, speculation was weeded out by legal measures. Then, and almost simultaneously, the Eti Bank was created, its principal task being to discover mineral resources and provide for their exploitation.

The Eti Bank, whose creation under the decisive and combined influence of the two factors mentioned above, was effectively constituted at the beginning of 1936. The Eti Bank found itself obliged to combine with its tasks of setting up in Turkey the two principal branches of the heavy industry (namely, the rational exploitation of the mineral resources and the concentrated production of electrical power and light) the task of exporting raw materials and semi-manufactured products.

For it must be stated that the actual requirements of the national industry of to-day—equipped and regulated exclusively for the needs of the country itself—as well as those of future ages will not be able to absorb the whole of the subterranean products; neither the ores of Turkey nor the iron and steel produced by her factories, under construction, will find a sufficiently vast market without overstepping the national frontiers.

If the enormous reserves of Turkey in chromium ore, coal, lead, emery, antimony, etc., are taken into consideration, it may be asserted that a national industry able to consume in its home markets the whole of these raw materials—still unexploited—must have enormous capacities, even in excess of the greatest industrial countries at an advanced stage of perfection and concentration. But such is not our aim and never will be.

Hence most of the activity of the Eti Bank is directed towards the export of ores and metals to the world market. The present state and conditions of international trade which make metals a much sought after equivalent of foreign currencies add a very special importance to the task undertaken by the Eti Bank in the Turkish national economy.

Moreover, is it not a paramount duty of a State institution, pursuing economic ends, to contribute, at the same time, to the increase of the public welfare and civilisation, and to supply work to the most remote points of the country.

While accomplishing this supreme task, the Eti Bank will easily be able to furnish the foreign currency necessary for supplying the needs of industry and national defence, by creating new values out of its economic activity, thereby increasing still further the specific importance of its spheres of activity.

To explain more clearly our point of view, the following definition should be made: Every mining activity, in addition to contributing, in its own circle, to an important rise in the standard of living and an increase in the volume of work causes the transformation—one might almost say the crystallisation—of all the costs and works, in the sphere of production, into ores and metals. In order to realise the obvious importance of this process of transformation, it will suffice to recall that in our day, in the relations of international commerce, ores and metals are everywhere regarded as one of the safest means of exchange.

Thus everything conduced to make the Eti Bank embark promptly on its activities in order to accomplish the very important functions devolving upon it. But the conjectural state of the present metal market was also decisive in making this bank, created but yesterday, into a factor of prompt realisation.

The Guleman chromium mines, perhaps the richest in the world, are situated in the south-east of Anatolia, about 18 km. from the little town of Ergani-Maden. Six months ago they were nothing but rugged rocks rearing from the surface of the ground. They are now in operation and large quantities of chromium have already been exported.

Thanks to the measures taken and to technical installations which will shortly be completed, the mine is bound to acquire, in some months' time, an annual production capacity of more than 100,000 tons. If to the important reserves of this mine, which have come to light, be added the reserves contained in the mines of Soru, Deri, Kündikhan, etc., in the same region, there will be every reason to believe that our departments in the East are destined to take, in the production of chromium, the classic importance of Western Asia Minor. And what is more, it is possible to foresee a shifting of the centre of activity for the chromium mining industry from the West to the East.

What has to be pointed out, in this connection and to our great satisfaction, is the superior quality of this abundant ore, from the point of view of the chemical and metallurgical industry. In fact, from the analysis of the buyer himself, in regard to the first lot of chromium ore exported to Germany, this ore contains: 49.5 per cent. Cr_2O_3, 13.67 per cent. FeO and 2.14 per cent. SiO_2. This result does not differ from that obtained by our bank through its own analyses, except in regard to the chromite and only by a small difference of 1 per cent. And it must be added that in the latest analyses Cr_2O_3 is always contained in a proportion of more than 50 per cent.

COPPER-SULPHUR-COAL.

Increased Production.

Similarly, the copper mine at Kuvarshan, taken over recently by the Eti Bank, will have finished all its preparations for commencing in the spring, 1937, the extraction and smelting of ore.

The modern plant at Ergani will soon be completed, and the copper ore of this region, which is of classic importance, will be available, in part, for home consumption and to a great extent for the world market.

The Keciburlu mine, containing rich deposits of sulphur, and already in a position to supply the requirements of the home market, is at present the subject of investigations with the aim of increasing actual production several times over for export purposes.

The coal basin which forms one of the principal mineral resources of Turkey is already being tackled by the Eti Bank as one of the essential objects of activity.

When the Republic came into being the output of the coal basin amounted to 597,000 tons. Although in 1935 the yield had reached 2,340,000 tons, this increase is still far from adequate to the internal industrial and domestic requirements, as also from the point of view of exports.

Preparations have already begun for the application of plans for the transformation of the basin by a modern technique of the highest order, so as to make it possible to increase considerably the actual output of coal, reduce the cost price of the mineral and finally, by the application of rational methods, prevent the waste of this national source of wealth.

METHOD OF ACTIVITY.

State Safeguard.

As an example of the object and method of activity, and in connection with the mines which we have enumerated above, we think it well to dwell further upon the following points.

Earlier in this article we criticised emphatically the fact that formerly mining transactions were the subject of unscrupulous speculation. Further, there is ground for describing, as an "adventure," the undertaking of mining operations whose value and wealth may not be well known beforehand. Both proceedings have the disadvantage of being harmful, both materially and morally, to the interests of the country and of the undertaking party.

The same observation may be made in regard to great electrical Centrals. Many examples might be quoted of the great losses sustained by those undertaking mining operations which were not based upon good preliminary geological and meteorological surveys. We do not think it necessary to enumerate these examples. But it will, on the other hand, be useful to draw the attention of the reader to the dispositions made and the measures taken by the Turkish Government against these great risks, in order to safeguard the Eti Bank, which is called upon to play a preponderant part in the mining and electrical economy of the new Turkey.

Continued on Page 39 Columns 3 and 4.

ANGLO-TURKISH TRADE RELATIONS IN POST-WAR YEARS.

BIG SCOPE FOR BRITISH INTERESTS.

By J. H. WALTON,

Representative in Turkey of the Federation of British Industries.

BRITISH enterprise in Turkey has been conspicuously lacking since the war and trade with this market has steadily diminished to an alarming degree. Great Britain, which previously headed the list of exporters to Turkey, has found itself displaced by several countries, among which Germany is the most important.

During the last five years Turkey has applied the quota system and this has greatly restricted the volume of British sales to this country. The world economic crisis made it essential for the Turkish Government to adopt these stringent measures in order to regulate the transfer of foreign exchange and protect the national economy. But long before this policy was introduced it was evident that the majority of British manufacturers still maintained that attitude of independence of boom days, whereby buyers must seek out the sellers.

With the institution of the Republican regime, the realisation came to the Turks that, normally, those desiring to sell made it their business to offer their products to the potential purchaser and follow this up with serious efforts to effect sales. Germany was quick to appreciate this new situation and lost no time in taking advantage of it.

CONTRAST IN METHODS.

Need for Study.

Another reason for the reluctance of British traders to exploit this market is the apparent ignorance of a great number of them concerning Turkey, its possibilities, its financial status and the mentality of the Turk of to-day, whereas our foreign competitors made it their special business to study the new Turk and his country.

Germany has supplied practically all the plant and machinery required up to now for the industrialisation of Turkey, and this represents millions of pounds. Many of the contracts undertaken by Germany for the supply of material to this country have been facilitated by long-term loans of British money to Germany, while British enterprise has stood still and watched this market of enormous potentialities slip from its grasp without a serious effort to retain it.

At the present moment an awakening interest in trade with Turkey is becoming manifest in Great Britain, and it is gratifying to find that at last British engineering firms will participate in Turkey's industrial development. The construction of an iron and steel plant at Karabuk, which has been undertaken by Messrs. H. A. Brassert and Co., is the first important contract secured by British firms since the war. This installation will complete Turkey's first five-year industrial plan, and the application of the second plan is now in progress.

IMPORTANT CONTRACTS.

Sine Qua Non.

There are still very important contracts to be secured here for industrial plant, power stations, irrigation schemes, public works enterprises, etc., and if British interests are to benefit therefrom those representing these interests would be well advised to devote serious attention to this market without further delay. It is essential that representatives of interested firms should make a point of investigating Turkey's requirements on the spot and establish contact with those responsible for the country's administration and development.

They will find every facility available, both as regards obtaining reliable information and actual help in studying schemes to be executed, and the expense of personal visits is amply justified. They will undoubtedly encounter foreign competition, but they will also meet with preference, for it is indubitable that Turkey favours British products because their quality is fully and keenly appreciated.

Concurrent with the policy of industrial development, Turkey having to protect and encourage home industries applied either Customs tariffs or quotas. Textiles are seriously affected as a result of this, as are some other articles which commission agents denominate the "bread and butter trade." Great Britain's future trade openings, therefore, lie in the supply of products of the heavy industries. The necessity of entering the Turkish market at present is primarily important because of the fact that orders for industrial plant and machinery which will be placed in the near future are of a limited number and are, in general, "non-repeat" orders. Once this opportunity is missed it will no longer be possible to enter the market on any important scale. On the other hand, firms who furnish Turkey with the present requirements will ensure an automatic sale for spare parts and replacements for an indefinite period, and should further development be envisaged they will certainly receive first advice if their products have given satisfaction.

The Sumer Bank is charged with the installation and exploitation of the bulk of the State industries, and though Turkey is as yet only very young as an industrial nation, all these enterprises are progressing in a very successful manner.

The development of mines exploitation has been confided to another bank, the Eti Bank, which was constituted for this purpose exclusively. Of the establishments operated by the Eti Bank, the Ergani Copper Mines are of the greatest importance and when, in the very near future, these mines are in full production, their output will suffice for the country's requirements, and will also leave a considerable amount over for export.

CONSUMPTION OF COAL.

State Policy.

Great encouragement is being given by the Government to increase the consumption of coal in Turkey—as opposed to oil—both in industry and for domestic uses, for Turkey's coalfields are extremely rich. There is, consequently, a good market for coal burning appliances and all plant and machines utilising coal.

Various branches of private industrial enterprise, especially the textile branch, also provide openings for British machinery.

The existence of a clearing agreement between Great Britain and Turkey is a deterrent to many of those British manufacturers already desirous of doing business with Turkey, as they have to wait some time for sterling remittances in London after the Turkish equivalent has been lodged with the Turkish Central Bank. Should, though, the recently signed Anglo-Turkish payment agreement work efficiently, the result would be a trade balance in equilibrium which would shorten such delay. This difficulty, moreover, should not be accepted as sufficiently serious to prevent profitable and sound business being done, for it is generally possible to arrive at some arrangement whereby interest may be paid to compensate for any period of waiting for sterling.

Political relations between the two countries were never friendlier than they are at present, and the moment is definitely propitious for the development of Anglo-Turkish commercial relations. The attitude of the financial circles of the City is steadily becoming more favourable towards Turkey, and this is of happy augury for it indicates the likely extension of facilities to manufacturers and others desiring to enter into, or extend their business relations with this market.

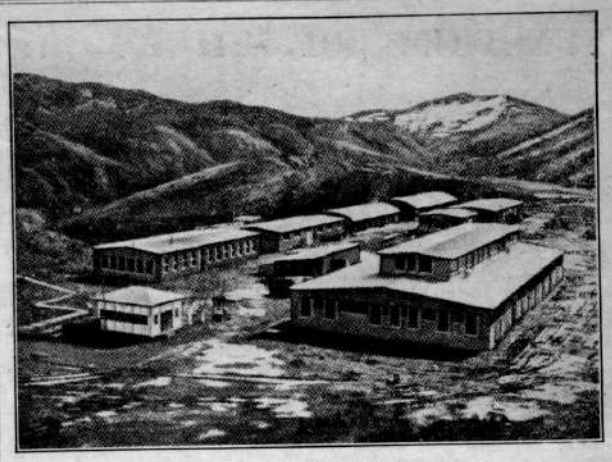
FINANCIAL ARRANGEMENTS.

Sterling for Credits.

In this connection, the business of British manufacturers would be greatly facilitated if financial arrangements could be made in London which would permit them to realise, in sterling in England, the sums which are paid to their credit at the Turkish Central Bank, and which remain blocked for some time until sufficient sterling becomes available from the sale of Turkish products to England. In the event of it being made possible for British exporters to discount these credits in London at a reasonably low rate, British trade with Turkey is bound to increase enormously.

The financial situation of Turkey is better than that of any Balkan State, and is even better than that of most of the Central European countries. Engagements are strictly honoured and the provisions made in the programme of the constructional policy of the country have been calculated with the determination not to exceed the limit of financial possibilities.

It is hoped that the spirit of enterprise shown by Messrs. H. A. Brassert and Co.—for which they have reaped their reward—will demonstrate to those looking for new fields of activity that Turkey remains one of the few countries which offer important and profitable possibilities, and one which inspires the utmost confidence.



ERGANI COPPER MINE.

PART PLAYED BY THE ETI BANK IN TURKISH NATIONAL ECONOMY—II.

Continued from Page Thirty-eight.

In this connection, we must mention the creation of two institutes for mining research and prospecting — namely, M.T.A., "The Institute for Mining Research and Prospecting," and E.I.E., "The Administration for the Study of Electrical works."

These two institutions, to which the Government has given an important place in its general organisation, undertake important studies and research in a scientific and technical manner, of the two important sources of the wealth of the country. They assume the rôle of two powerful safety-valves for reducing to a minimum the probable risks by means of these investigations carried out with meticulous care.

For the last two years, M.T.A., "The Institute for Mining Research and Prospecting," with its numerous teams working under the supervision of Turkish and foreign specialists, employed at the central office and sent into every corner of the country, has been able to carry out a minute survey of subterranean Turkey. The institute is consequently on the point of drawing up a fundamental inventory of its mineral resources. This means that we are on the threshold of the great and important work of drawing up the geological map of Turkey.

MINES RE-EXAMINED.

Estimating Values.

For the moment the paramount aim lies elsewhere; it is, above all, important to re-examine the state of our mines, which have a world-wide reputation, but which have been discovered and abandoned, to find out their real value and establish their reserves, as well as those of other ores which will be discovered by new prospecting carried out under the supervision of teams of specialists.

We need only mention the prospecting for raw petroleum at Mardin, Adana and Mürefte; the research and investigations made into chromium deposits at Guleman Soru and neighbourhood; the works in connection with silver-bearing lead at Bulgardag, Gümüshane, Gümüshaciköy, Prijman and Keban; those for antimony ore at Turhal; the investigations regarding copper at Kuarzhan, Morgul and the soundings undertaken in the lignite deposits at Seyitömer, Bilecik, Tavsanli, Yerköy; and also prospecting for coal at Azdavay and Kalafasil.

This gives but an incompiete sketch of the work accomplished or still unfinished, undertaken by this institute since its foundation, which is of comparatively recent date.

Most of the activities which will be undertaken by the Eti Bank will consist in the exploitation of mines, for which the prospecting and investigations have been carried out by the M.T.A. and have given positive and unimpeachable results.

WATERWAYS INVESTIGATION.

Hydro-Electricity.

As regards the work accomplished by the E.I.E. "Administration for the study of electrical works," this institution, with a view to a thorough study of the great waterways of Turkey, has just begun its permanent work of gauging and observation. The researches by this institute are aimed at preventing the hydro-electrical regional Centrals which will be constructed by the Eti Bank from ending in a disastrous "Yordan Work."

E.I.E. is also engaged in determining the part to be played by the position of the thermo-electric regional Centrals in the general system of electrification of Turkey. The task of industrialising a modern country must necessarily go hand in hand with a very extensive system of electrification. As this principle is in high favour and much appreciated nowadays by the authorities and circles concerned, efforts are being made to systematise the works, in order to prepare, as well as possible, for to-morrow's requirements in regard to rationalisation and rentability.

Thanks to the valuable scientific work of these two institutions, whose respective activities we have briefly summarised, and which cost millions, provided by the State Budget, the Eti Bank is now in a position to embark on its activities with the maximum of certainty and security.

FINANCIAL ASSISTANCE.

Localising Risks.

As regards the financial risks which might arise, the Bank has been careful to localise them, by giving each undertaking, which it creates for the various operations, a legal personality.

The capital of the Eti Bank, fixed at £T.20,000,000—which may be doubled, if necessary—is not yet fully paid up. But the Bank is always given financial help and assistance by the State when it undertakes new business. Thanks to the great attention and valuable co-operation of the Turkish Government in regard to the electrical and mining activities, the Bank is strengthening its position and proceeding on its way without encountering the slightest financial difficulty in its progress.

As we have just explained, the rôle assigned to the Eti Bank in the general expansion of the Turkish national economy is as important as it is definite. It is: to serve as a basis for and to reinforce the movement of industrialisation; to exploit the mineral wealth so generously provided by nature; to found industrial enterprises even in the most remote parts of the country; to supply work for the great masses of the people and thus to contribute to their well-being; and, finally, to place at the disposal of the country an excellent and safe medium of exchange.

VALUABLE STATE HELP.

Attendant Prosperity.

In this type of activity the Bank, thanks to the basic and important measures taken by the State and to the valuable help lavished on it by its Government, has always been able to ensure for itself the utmost stability and success in its affairs.

In virtue of such valuable assistance and measures, an important programme of action has been drawn up for the Eti Bank, which will, moreover, have its scope considerably extended with the entry into force of the second Industrial Plan. On the basis of these plans the Eti Bank will have to pursue, with assurance, an activity which will bring to the country a prosperity due to the utilisation and exploitation of sources of national wealth which have for centuries been neglected.

FUNCTIONS OF THE MORTGAGE AND ORPHANS' BANK.

STATE CREATED INSTITUTION DESTINED TO STIMULATE TOWN PLANNING AND RECONSTRUCTION.

Specially contributed to "The Financial Times" by CEVDET GOLET, Director General of the Mortgage and Orphans' Bank.

If we cast a glance over the period of new Turkey's existence, we see that the nation has had to struggle with obstacles both internal and external, and expend efforts, unparalleled in history, in order to surmount them. But recently delivered from this occupation and from the struggle for independence, the nation has not been content merely to obtain external independence, it has got rid, at the same time, of parasites, great and small, which for centuries had been sucking its blood and sapping its vitality.

All that was left as final heritage from its internal and external enemies to this nation, withdrawn into its own home circle, was a country practically in ruins as the result of many centuries of neglect.

The new Turkey, such as we have just described, succeeded in winning the esteem of the whole world as being the work of a nation which was hitherto prey to continual warfare.

While, on the one hand she was accomplishing social and administrative evolutions, on the other hand she was sparing no effort to consolidate her industrial and commercial structure, and, above all, she set out to restore the well-being of her country.

BANK'S INCEPTION.

Resuscitation Plan.

What Turkey most requires, in the sphere of recovery and reconstruction, is money.

Turkey, who did not hesitate to open her doors, when necessary, to foreign capital, did not wait passively for proposals compatible with her economic interests; she took the initiative as regards reauscitation and by her own efforts, by drawing up various measures in this domain.

These new measures, arising out of necessity, are of great value in view of their originality. The institution which forms the subject of the present article is the outcome of such an original conception and measure.

The Government of the Republic created, under the name of "Emlak ve Eytam Bankasi" (Mortgage and Orphans' Bank) an institution for the purpose of assisting in the construction of its new capital, Ankara, facilitating the recovery of Smyrna and its hinterland—devastated as a result of the war, beautifying Istanbul and providing for the reconstruction of other parts of the country which had long been neglected.

When a bank is to be founded, the most important thing is to procure capital and the means of functioning.

The State, which had to provide for very extensive requirements, felt that it would be very difficult for it to constitute this capital in money, but succeeded in securing it by means of an original measure.

PROVISION OF CAPITAL.

Original Measure.

The new State possessed very valuable buildings, lands and estates, which, under the Ottoman Empire, far from serving as the equivalent of liquid assets, were completely abandoned and almost valueless. The Government having decided to participate by a contribution of £T.10,000,000 to the bank's authorised capital of £T.20,000,000, considered the transference to this establishment, in the form of these properties, which would be an easily negotiable asset, partly in cash and partly by eight graded payments without interest. The proceeds of these sales would constitute the capital of this bank.

It was naturally impossible to liquidate these properties at once and so to obtain liquid capital. It was a task which would take a long time; but the new bank had need of liquid funds to begin its operations. Nor was it difficult to find a remedy.

Under its old organisation, the Empire, the Turkish Government had founded in various localities offices to receive the funds of the Orphans. These local offices, whose duty was to administer the funds in question, not only did not perform the service expected of them, but also were very wasteful, and even harmful. The Government of the Republic, with the intention of keeping a strict watch on the vital interests of the Orphans and utilising their funds in accordance with modern technical methods, decided to abolish these offices and to hand over to the Emlak ve Eytam Bankasi (Mortgage and Orphans' Bank), in the form of a deposit, the funds thus held.

In this manner the interests of the Orphans were fully safeguarded, and the bank created for the purpose of helping in the reconstruction of the country had at its disposal large sums which it had only to repay at long terms, the dates and amounts of which were known to it; in fact, sums which it could treat as capital. In this way the new institution was supplied with the means of setting to work in May, 1927.

The law constituting the bank, after securing the capital of the Orphans, stipulated, with a view to fulfilling the purpose of reconstruction, that the bank, while granting loans on buildings, was also authorised to extend these loans to buildings already in existence and which represented great value. By the great liquidity thus accorded property values, a powerful element was created for relieving, as far as possible, the post-war tightness of credit.

The information supplied by statistics on the services rendered by this bank in the sphere of the reconstruction and embellishment of the country is indeed interesting

The help given at Angora alone to private persons for building between 1928 and 1935 amounts to over £T.3,800,000.

This figure does not include the loans made on property built with the private person's own money and afterwards mortgaged to the bank. This section represents £T.3,500,000. If a small part of this amount be deducted for commercial requirements, the assistance given to building in the capital reaches the figure of £T.7,000,000, which is a fine result, of which the young institution may well be proud.

In the loans made for building purposes by the bank the first object was to meet the needs for dwelling accommodation. Out of the 2,300 buildings set up at Angora since 1926, 900 were directly financed by the bank and 800 were assisted by it retrospectively. This means that the bank shared in the construction of the capital in the proportion of 74 per cent.

The bank also played a great part in the reconstruction of the town of Smyrna and its hinterland. It helped the property owners of Smyrna, who wished to beautify and restore that town, and it also gave assistance to the inhabitants of Aydin, Manisa and Kasaba, towns devastated by fires during wartime.

The greater part of the pretty, modern villas which adorn the outer suburbs of Istanbul were built with the help of the bank. The establishment by the bank of a branch at Burza, two years ago, gave rise to a movement for building and improving that ancient historic town.

In order to keep down overhead charges and at the same time to meet the requirements for people retiring on pension and widows and orphans, who receive State pensions, the bank allows them advances on their pensions at a low rate of interest. In this way it renders them great service and at the same time makes a lucrative transaction.

The bank further interests itself in works of improvement undertaken by municipalities.

The Government of the Republic, in consideration of the municipalities' credit requirements, created an autonomous bank, called the "Municipalities Bank," for this purpose.

Before that new institution came into operation—that is, up to two years ago—the Mortgage Bank spared no effort to cope, as far as possible, with the needs of the municipalities by granting them loans to a value of over a million Turkish pounds.

Similarly, the Mortgage Bank met part of the costs of building the new Government offices set up in the Government quarter of the capital.

THE MORTGAGE AND ORPHANS' BANK, ANKARA.

CO-OPERATIVE SOCIETIES.

Bank's Assistance.

To meet the wishes of the citizens to own a comfortable home, which has become almost a new cult, new co-operative societies are beginning to be formed all over the country. The bank does not refuse them its assistance; it has decided to finance a co-operative society founded to build 150 houses, while another similar society founded for the purpose of constructing a little garden city of 50 buildings is on the point of completing its task, thanks to the aid of the bank.

As the Government offices have been concentrated at Angora, the number of officials increases daily.

In order to prevent a housing shortage and to save the officials the trouble of hunting for quarters, the Government proposes to build apartment blocks and houses for them. The plans are already far advanced. It may be assumed that a wide field of activity and investment is opening for the bank in this matter, which is one preoccupying the State. The operations will have to be carried out on the decision and lines laid down by the Government. Moreover, if such business, for which much capital is needed, is to be successfully carried out, foreign capital will certainly have to be obtained from sources anxious to promote the national economy.

In order to extend to the whole country the town-planning activities of the bank, which are at present confined to Angora, Istanbul, Smyrna and Bursa, and to transform this institution into a Turkish "Credit Foncier" Bank, the Government has had a report made by a foreign expert who has just finished his work. It is to be expected that measures in keeping with the requirements of the country will be taken as a consequence of this report.

STATE'S PROTECTION.

Confidence of Public.

It is entirely due to the powerful protection of the Government of the Republic and the confidence of the people that the funds have been forthcoming for our prosperous institution.

Apart from the orphans' fund transferred to the bank, the total deposits, which in 1929 amounted to £T.2,000,000, rose to £T.4,000,000 in 1932 and £T.5,000,000 in 1934. These figures bear witness to the growing confidence which the saving public has constantly shown in the bank.

To give a clear idea of the important place gained by the Mortgage Bank in Turkish financial circles, it will suffice to mention that this establishment subscribed £T.1,000,000 to the capital of the Central Bank of the Turkish Republic, which is the State Bank and the Bank of Issue. It may also be pointed out that the Mortgage Bank participated in the capital of the Bank of Commerce of Adapazari, which, since its last reorganisation, has become an important credit institution of the country. It may further be noted that the Mortgage Bank, jointly with the Sümer Bank, which has opened up new horizons in the industrial life of Turkey, last year constituted the insurance company known as "Güven," an institution which enjoys the promise of a prosperous future.

The activity displayed by the bank and its plans for the future, as well as the paramount position throughout the country which the Government desires to procure for it, cannot fail to extend the sphere of work of this institution, which is destined to give a great stimulus to town-planning in this country. This sphere is as vast as it is certain.

It may be hoped that the bank will succeed in fulfilling this important function.

AGRICULTURAL BANK OF TURKEY: OLDEST AND LARGEST NATIONAL CREDIT INSTITUTION.

Specially contributed to "The Financial Times" by KEMAL ZAIM, President of the Bank of Agriculture.

THE question of agricultural credit was first examined by Turkey in 1863. It was at that date that the Governor of the Province of the Danube took the initiative of organising this system of credit. With a view to freeing the farmers from the burden of the heavy interest which the usurers imposed on them, the Governor had the idea of creating small loan offices, charging relatively low rates of interest. This idea was carried out in the following original manner:—

The fields constituting the common land of each small district were cultivated jointly by the farmers of that district. The crops thus obtained and sold through the medium of the local authorities formed the capital of an office which made loans to the farmers of its district.

The first of these offices was founded in 1863 at Vidin. (This date corresponds to the institution of the co-operatives of Reifeisen in Germany.) The satisfactory results arising out of this attempt led to the immediate creation of several similar loan offices. This question assumed such importance that it became a matter of urgency to find safer resources. The system of cultivating the common lands was abandoned, and it was decided to supply the capital for these offices by instituting an additional tax of 10 per cent. on the Dime levied on the crops.

These offices were called "Regional Loan Funds Bureaux" [Caisses Regionales de Prêts.]. Name is derived from the fact that the funds of these credit institutions were kept in iron safes placed in the premises of the local authorities.

CENTRAL ADMINISTRATION.

BANK'S FOUNDATION.

Twenty-five years after the inauguration of these funds, the number of which went on increasing, the State thought it well to place these institutions under the charge of a central administration, and founded in 1888 the "Agricultural Bank." The Regional Loan Funds Bureaux functioning at that date took the name of "Loan Funds Bureaux of the Agricultural Bank." Thus the foundations were laid for the "Agricultural Bank of Turkey," which is to-day the oldest and largest national credit institution in Turkey.

Although an autonomous administration, the bank had been placed under the control of the Ministry of Commerce and Industry. The members of the Board and the general manager, his assistant and the head of the accounts department were appointed by the State. The capital of the bank, obtained as before from the proceeds of the additional centimes levied on the Dimes and termed "local requirements contributions," and the interest on the moneys thus obtained increased each year. The taxpayers could not be shareholders at the pro rata of their payments, and the annual profits were added to the capital after deduction of a small percentage for members of the Board and the staff of the bank.

The resources of the bank, which in 1888 were £T.2,000,000, amounted in 1914 to the sum of £T.11,000,000, in spite of the disturbances resulting from the financial difficulties, which had arisen during the last periods of the Empire.

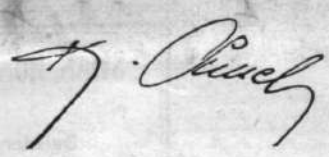
Among the legal provisions enacted in favour of the peasants and farmers under the Republic, the institution, in 1923, of the estate tax levied on lands in place of the Dime which had hitherto been collected almost always by those to whom the public revenues had been farmed out, demands special notice.

Of this tax, part was assigned to the Agricultural Bank. The capital of the bank, obtained from this source of revenue and from profits obtained as a result of the support of the Government of the Republic, amounted in 1935 to the sum of £T.30,000,000. In view of the rapid increase of capital and in order to meet the credit requirements of the future, the nominal capital fixed at thirty millions by the law of 1916 was raised to a hundred million by the law of 1930.

In order to give greater independence to the bank and to mark its connection with the farmer, who furnished its capital, the "Agricultural Bank" was transformed in 1923 into a joint stock company under the name of "Agricultural Bank of Turkey." The capital of the bank, which still retains this form, has been divided into shares distributed among local public bodies of the districts at the pro rata of their payments of "shares of profit." The general assembly of shareholders consists of delegates elected by these public bodies.

The bank is managed by a Board of Directors appointed by the general assembly of shareholders. The shareholders receive no dividend and the profits of the bank are added to the capital and to the reserve after deduction of 10 per cent. for the Board of Directors and the staff. The capital is also increased, as before, by the "local requirements contributions."

The law of 1923 gave the bank authority to undertake all banking business. The operations of the bank and its foreign relations were greatly extended from that time forward. The bank, with an extensive network of connections in all countries, comprising at the present date 260 branches and correspondents with a staff of more than two thousand employees, fulfils an important function in the country's economic and financial life.



Besides its essential task of dealing with agricultural credits, the bank undertakes, in most places throughout the country, cash transactions of the Treasury, municipalities and public departments (autonomous departmental finance administrations). It acts as guarantor for the Treasury for its liabilities in respect of the railways contractors. It buys wheat, on State and certain public works, and undertakes the service of payments to the contractor. It buys wheat, on State account, direct from the farmer and exports it; takes action, when necessary, to regulate the internal wheat markets; administers the silos, distributes cereals for sowing and food purposes; participates in the agricultural industry from which the farmer benefits and, if necessary, conducts buying and selling operations of agricultural products. In addition, it helps in the creation of credit co-operative societies, keeps a check on these institutions and plays the part of a mother bank.

Although the movement for the institution of credit co-operative societies is quite a recent one, dating from 1929, it has developed rapidly. The number of credit co-operative societies now in existence is 670. Their paid-up capital amounts to £T.7,450,000, their reserves to £T.842,000 and their total loans to the sum of £T.18,000,000.

The organisation of the Agricultural Bank of Turkey, extending all over the country, has helped greatly to propagate the spirit of saving. Since 1924, the date at which the savings movement became effective, the accounts of the savings department of the bank have registered the following progress:—

	£T.
1924	6,800
1926	392,000
1928	1,446,700
1930	3,548,600
1932	7,405,000
1934	13,414,300

Besides savings bank deposits, commercial and other deposits with the bank have progressed rapidly. The latter deposits, which have now grown to between £T.40,000,000 and £T.50,000,000, together with the reserves and deposits of the savings department have created for the bank resources of over £T.104,000,000. The cash movements of the bank's financial year 1935 reached, during the course of the said year, £T.1,500,000,000, thanks to the vast organisation and relatively large resources of the bank.

AGRICULTURAL CREDITS.

STEADY INCREASE.

After the creation of the Agricultural Bank, the farmers were able first to raise mortgages and secondly to obtain short or long-term loans on satisfactory security. According to requirements, the granting of these credits has been accompanied by subsidiary services such as the purchase of agricultural implements, of various chemical products for agricultural use, the purchase and distribution of lands to the farmers. Later on, these credits were also granted in the form of advances on agricultural products. Agricultural credits developed more especially in the years following the World War.

Agricultural investments during the last ten years:—

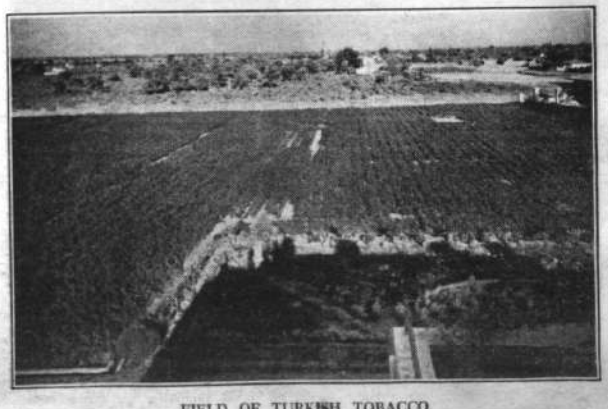
1926	£T.17,958,495.20
1927	£T.17,266,709.04
1928	£T.21,608,234.00
1929	£T.20,056,692.47
1930	£T.27,420,845.41
1931	£T.28,264,112.73
1932	£T.28,680,554.36
1933	£T.28,808,750.63
1934	£T.27,210,348.38
1935	£T.27,963,220.06

Agricultural credits are steadily increasing and seem likely to be conducted on an even larger scale, in view of the results obtained in agricultural undertakings, following their technical improvement and their ever-increasing extension. Nevertheless, the fact of obtaining these credits has placed the farmer under a heavy burden of debt, as a result of the sudden slump in agricultural products in 1929 and the years following—a slump which has, moreover, retarded the pace of agricultural development.

It would have been difficult for the farmer to pay off this burden of debt, for he was accustomed to utilising the credit in accordance with the requirements of the years in which agricultural products were rising in value. Moreover, he was also rather heavily in debt either to other banks or to private persons

Continued on Page 42 Columns 1 and 2.

THE AGRICULTURAL BANK: ANKARA.



FIELD OF TURKISH TOBACCO.

AGRICULTURAL BANK OF TURKEY—II.

Continued from Page Forty-one.

LARGEST NATIONAL CREDIT INSTITUTION.

Although, in view of this situation, the Agricultural Bank helped the farmers by granting them an extension of term of credit, it became clearly indispensable to operate on a larger scale with regard to agricultural credits, in order to raise the standard of the peasant class, the price of whose production had risen during the last few years, thanks to the provisions adopted by the Government of the Republic.

To meet this necessity, the credits of the Agricultural Bank, whose terms fell due not later than 31st December, 1931, were made subject, by a special law, to a rate of interest of 3 per cent., and to a new schedule of payment enabling debtors to discharge their debts in fifteen annual payments. The Treasury of the Republic, taking over the most onerous part of the charge arising out of the decrease in the rate of interest, undertook to pay the bank a sum of £T.1,000,000 per annum.

The fact that 97 per cent. of these credits were renewed, as the result of the application of the above law, without hesitation by the Turkish farmer, is a proof of the latter's fidelity to his engagements. We firmly hope that this operation will definitely solve the question of the old debts of the farmers, and that there will be no need to take further measures in this matter. Agricultural affairs, which are again on the up grade, thanks to the measures taken to promote economic recovery, will become more and more favourable to the efforts of the farmer to carry out his engagements.

The number of peasants who have no land is very small in Turkey. Nevertheless, the need for agrarian reform has become very obvious, particularly after the years of crisis. This question is now under examination.

Indeed, at a moment when the country desires to move forward in a more rational manner and one that is more in harmony with its superior interests and with the present ideals of the State in the sphere of agriculture, as in all other matters concerning the country, the institution which exists for the purpose of financing agricultural undertakings could not effectively support this great movement.

What it does is to take its place in these concerted efforts in its present form of a joint stock company, acting on the lines laid down by its General Assembly, which is animated more especially by immediate and local considerations.

Moreover, systems of agricultural credits ought not to comply merely with the requirements of the day, but should be organised to take a place in the mass movement of convergent efforts tending to a great future and designed to facilitate the developments which will bring us to the fulfilment of our aims, which, as we believe, cannot be far off.

Inspired by these ideas, a draft law for the creation of the "Agricultural Bank of the Republic of Turkey" has been submitted to the National Grand Assembly. The debates on this began with the session of the Assembly opened in November.

LAW'S ESSENTIAL POINTS.

Affecting Credit Policy.

Although it is not possible to determine the final form of this draft law, we may indicate its essential points as follows:—

(1) The bank, while retaining complete autonomy in its engagements and operations, will be endowed with a Board whose duty will be to lay down the essential lines of agricultural credit policy. This Board, under the chairmanship of the Minister of Economy, will consist of delegates of the Ministries concerned and directors of the bank.

(2) While giving effective assistance to the large farmers who have been most affected by the crisis, the bank will more especially aid those farmers who work with only the members of their family to help them, thereby preparing the way for a production which is organised, rationalised and increased. The help to the large farmers will be on a greater scale in future.

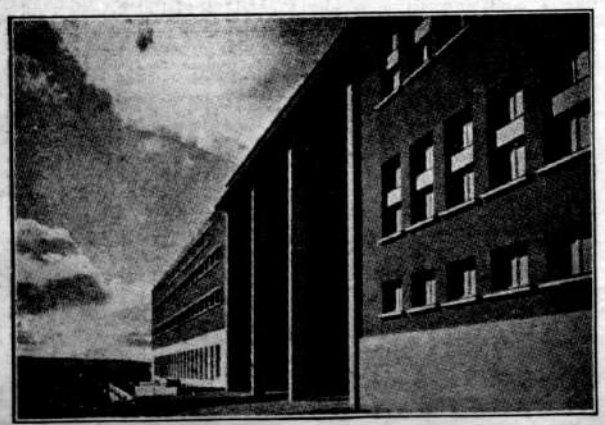
REINFORCED RESOURCES.

Budgetary Assignment.

(3) In order to reinforce the bank's resources, which are subvented, as before, by the "local requirements contributions," an annual fund of one million for capital and one million for reserve will be assigned from the Budget of the State. The bank's assets, swelled by the funds to be set aside for it in the Budget of the State by the "local requirements contributions" and by the profits which will be added to the capital and the reserve, will in the near future be far in excess of their present figure.

These financial measures, together with the technical, economic and social provisions adopted by the State, will help to raise the level of production, both in quality and in quantity, and give a new aspect of agriculture in Turkey.

AT WORK ON THE STATE MODEL FARM, ADANA.



MAIN BUILDING IN THE INSTITUTE FOR HIGHER STUDIES IN AGRONOMY, ANKARA.

A Ruston-Bucyrus Dragline working on an Irrigation project in Turkey.

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AGRICULTURE IN TURKEY—III.

Continued from Page Thirty-two.

FACTOR IN INDUSTRIALISATION OF THE COUNTRY.

These homes of science and knowledge are now preparing the new elements and the new generation of Turkish agriculture.

As will be understood from all the foregoing, the production policy of Turkish agriculture is, first and foremost, directed towards growing the produce necessary to feed the population and provide the raw materials required by the newly founded industries. But besides these, the production policy considers as equally important the cultivation of products that can be exported; because through the export of such products money will be entering the country. Profits thus made, will be used to further advance the economic development of the country.

As mentioned above, the agricultural cultivation policy has three principal purposes and these are: to increase the variety of the products, to improve their quality and to increase their quantity. Soil and climatic conditions of the country are very favourable to the attainment of these aims.

Hence one may say that Turkish agriculture by feeding the population, by providing the necessary raw materials to the home industries, and by exporting different products to foreign markets is accomplishing today on a large scale its threefold task.

But in a very near future these tasks will be accomplished in a better manner. Because, on the one hand the establishment of the home industries is providing new developing forces to our agriculture and raising its technical standard.

On the other hand, the increase of means of communication and the development of trade is widening the field of agricultural activities and facilitating them. Which shows that all the branches of economy in Turkey are reciprocally depending upon and feeding and reinforcing each other. And this is an undeniable proof that the Turkish national economy is in a healthy state of growth.

OPPORTUNITIES FOR BRITISH TRADE IN TURKEY'S INDUSTRIAL DEVELOPMENT.

By T. ANGUS SWAN,

Secretary of the British Chamber of Commerce in Turkey.

TURKEY'S industrial development is proceeding at a pace that is difficult to appreciate without visiting the country or being directly in touch therewith.

The efforts that have been put forth and the results obtained during the Republic's short life of 13 years are well worthy of careful study. They provide a measure of what is likely to be accomplished in the immediate future, as and when further development plans are drawn up.

Hitherto, Britain has not taken part in this industrialisation, and practically all the machinery and plant required has been obtained from other countries. At first, lack of a clearing agreement excluded the United Kingdom from participating, and when a trade and payments agreement was finally signed in June, 1935, blocked funds in Turkey immediately began to accumulate and steadily increased and acted as a deterrent to the entertainment of large commitments.

Lack of accurate information as to the real economic situation of Turkey no doubt also played a part in the disinclination of British finance and industry to interest themselves in the country. Probably a further contributory cause was Turkey's decision in November, 1933, to cease the publication of statistics of her foreign trade.

BRITISH CO-OPERATION.

PARTICIPATION SPHERES.

The situation, though, is now altered. The publication of statistics has been resumed and makes possible the study of Turkey's foreign trade, based on figures which are facts instead of only estimates. Furthermore, the new trade and clearing agreement recently signed, in August, 1936, besides removing most of the shortcomings of the previous agreement as regards normal trade, embodies a new departure which is of far-reaching consequence. The latter has opened the way for an initial participation of British industry and finance in Turkey's industrialisation and supplies concrete evidence that the British authorities are now prepared to encourage such co-operation, and at the same time it provides for the possibility of further business on similar lines.

In these circumstances it is therefore an opportune moment to consider the possibilities of further British participation in Turkey's development, as also the economic situation of the country. It must be borne in mind, though, that industrial development is, of course, only one of many important activities which are beyond the scope of this article.

The general economic and financial situation of Turkey has been revolutionised. The following are a few outstanding facts relevant to Turkey's finances.

The principle of a balanced Budget has been adhered to, and this even throughout the crisis. Departmental expenditure is kept strictly within Budget limits Heavy taxation is a great load on industry and the country generally, but, with revenue expanding again, the Government is hopeful of being able to reduce taxation, and also the cost of living, within the near future.

There has been no inflation of currency since the war; the amount of paper currency has remained based on that originally authorised, and since the creation of the Central Bank of the Republic a gold reserve against paper currency is gradually being built up.

NO FOREIGN LOANS.

FINANCIAL RECORD.

The Republic has cut itself entirely adrift from the pre-war policy of borrowing abroad to cover Budget requirements. No foreign loans have been obtained and it is only within the last few years that small internal loans have been floated. These were for railway building; the total authorised is £T.42,000,000, but so far only £T.18,500,000 have been issued.

The policy of living within income has been pushed to the extreme of even including therein capital expenditure on railways. The load which this policy has entailed may be gauged from the fact that 2,490 kilometres of new railway lines have been built and opened to traffic and a further 793 kilometres are under construction. All expenditure entailed thereon to date has been accommodated from revenue, with the exception of the small internal loans mentioned above.

Few countries wrecked by war and in a state of reconstruction can claim such a financial record, and it is greatly to her credit that Turkey has firmly turned her face from expedients, oft-times disastrous, adopted elsewhere.

Like all countries, Turkey was seriously affected by the world economic crisis, and drastic steps had to be taken to meet the situation. But by resolutely facing the latter she has been able to maintain the stability of the national currency, and it may now be said that she has safely survived the general economic blizzard.

The economic crisis brought a fall in revenue, necessitating heavier taxation as well as economies in the budget. Turkey had to seek an alleviation of her foreign liabilities with regard to the service of her share of the old Ottoman Public Debt and also certain readjustments of long-term engagements.

An even balance of trade was maintained by strictly restricting imports through the imposition of quotas and later by the negotiation of clearing agreements with all her principal customers. Though they have undoubtedly created a demand for Turkish products, and this often at prices above world levels, these clearing agreements have also generally resulted in considerable sums remaining blocked in Turkey; a serious handicap to any expansion of trade.

As regards her foreign trade, Turkey's greatest difficulty arising out of the crisis was the enormous fall in the world values of her exports. Her capacity to pay for imports depending on the foreign exchange obtained from exports, the former had to be brought down very heavily indeed, with a consequence that her total foreign trade dwindled from its peak, £T.411 millions in 1929 to £T.171 millions in 1933, since when the tendency has been upward and has shown an increase of 8 per cent. by 1935.

In spite of these difficulties, Turkey has maintained a balance of trade in her favour ever since 1930, and has thus kept her currency stable. During the years 1929-33, exports having fallen by 38 per cent., imports had to be reduced by no less than 72 per cent. to effect this balance. Imports touched their lowest level in 1933 and have risen to £T.89 millions in 1935. Exports were at their lowest in 1934, but stood at £T.96 millions in 1935—a rise of 4 per cent.

HER FOREIGN EXCHANGE.

HYPOTHETICAL INCREASE.

The adverse effect on Turkey's foreign exchange position, brought about by the great fall in the world prices of her exports, is readily realised when it is noted that her exports during the years in question have steadily increased in volume, while the proceeds thereof have steadily decreased. Though exports of agricultural products must, with the actual crops harvested, naturally vary from year to year, the volume of exports has increased from 626,682 tons in 1928 to 1,479,949 tons in 1935, while the value realised in 1935 for these greatly increased exports, £T.96 millions, compared with a value of £T.173.5 millions in 1928 for a much smaller volume.

In other words, the volume of exports has more than doubled, while the value is down by 45 per cent.

It is true that the greater part of the increase in volume is in low-priced articles of export and that the volume of the most valuable article (tobacco) is down in the same period by 17,951 tons. Yet, nevertheless, taking the volume of only 12 of the principal lines of Turkey's exports (tobacco included) in 1935 and calculating these at prices ruling in 1928, the proceeds of such exports would have exceeded what was actually realised in 1935 by £T.49.7 millions, an increase of 83 per cent.; these twelve articles alone, though representing only 61 per cent. of the total volume, would have provided an increase of over 50 per cent. in the foreign exchange derived from total exports in 1935. When, further, it is noted that prices ruling in 1935 for these 12 articles still ranged at anything between 73 per cent. (coal) and 33 per cent. (hazelnuts) below those ruling in 1928, the margin for an all-round increase in the value of Turkey's exports, through a further recovery in world prices, is a measure of the possible increase in the foreign exchange which Turkey should have at her disposal in the future.

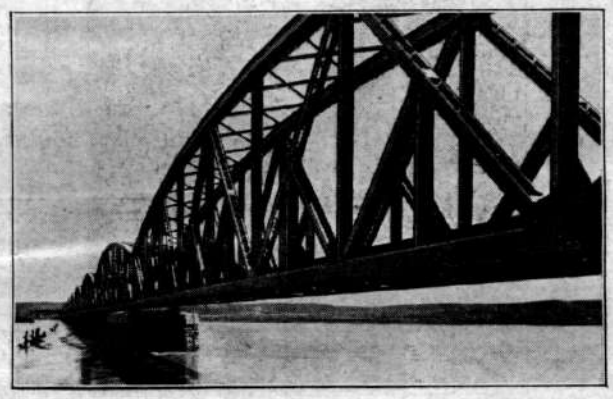
SELF-SUFFICIENCY PLANS.

TRADE BALANCE OBJECT.

It was early in 1934, when her foreign trade was at about its lowest ebb, that Turkey launched out upon her first plan for industrial development on a large scale over a period of five years. The objects of the plan were to make Turkey self-sufficient in the articles to be produced, thereby to utilise her own raw materials and ultimately to wipe out the adverse balance of trade, which it was estimated would normally be about £T.25-30,000,000.

The most important raw materials envisaged were cotton, wool and coal, and the plants laid down for the utilisation of these three raw materials are already working or practically complete. As regards cotton, the combined mill at Kaiseri is already working, that at Nazilli just about to start and that at Eregli-Konya is being erected.

As actual production was considered sufficient, no new mills were planned for woollen textiles, but a spinning mill for merino wool is in course of erection at Bursa. For coal, coke ovens situated in the coalfields have been in operation for nearly a year. This portion of the programme is, therefore, nearly completed.



ONE OF THE BRIDGES BUILT DURING THE REPUBLICAN REGIME.

Other items of the programme which have been completed and are already in production are paper mills, a bottle factory, sulphur refinery and an attar of rose refinery, while a factory for production of artificial silk is under construction.

The largest item, an iron and steel installation, has just been ordered from the United Kingdom.

Items still under consideration are a porcelain factory, cotton mills at Malatya and a chemical industry.

Turkey is thus well on the way to the completion of her first five years' plan, and she is now preparing a second one of like duration.

The needs of the country are very large. In addition to purely industrial developments, there are requirements for armaments, public works—such as ports, water works, irrigation—steamships, electrification, mining machinery, railway equipment, Municipalities, etc.

Here is a large field for British enterprise, industrial and financial, and now that a successful start has been made it is to be hoped that the big possibilities of trade with this country will be given by British interests the careful attention which they deserve.

On the other hand, Turkey recognises the excellence of British products. She also realises the importance to her of the largest import market, which at the same time is practically the only remaining free market, in the world, and is most anxious to develop trade between the two countries.

Though participation of private enterprise in industry is not excluded, "Etatism," or State ownership, is an adopted principle of the State, and these five years' plans are being carried out by the Government. The Sumer Bank is the main instrument used for this purpose, but in some cases the Ziraat (Agricultural) Bank and the Is Bank are also interested.

The Sumer Bank was specially constituted to create Government industrial establishments and exploit these for account of the State, its capital being provided by the latter. The recently created Eti Bank is another institution of a similar nature, created to develop and exploit mining (now mostly reserved to the State) and also to provide for the electrification of the country and the manufacture of electrical appliances.

Both these banks are Government institutions, profits going to build up their nominal capital. Any surplus is placed at the disposition of the Government. Industry being protected by high tariffs and/or even by prohibitions of imports and by monopolistic measures, it is to be foreseen that the revenue thus accruing to the coffers of the State from these establishments will be very considerable and provide a substantial alleviation of Budget requirements.

As already stated, one object of these plans is to diminish normal imports and consequently Turkey's requirements in foreign exchange. It is hoped the reduction will amount to 20 per cent. and enable normal trade to be balanced. But Turkey has, in foreign exchange, other requirements, which she finds it difficult to cover by her exports at to-day's level of prices—that is, she is suffering from a shortage of foreign exchange, not having sufficient to cover her ordinary and extra-ordinary purchases abroad plus her non-commercial requirements.

AFFECTING FOREIGN EXCHANGE.

VOLUME OF EXPORTS.

It is claimed, though, that this situation is only temporary, and there would seem to be legitimate grounds for such a claim. As has been seen, the volume of her exports has increased steadily, and strenuous efforts are being made to increase the volume still further. Even at to-day's prices her exports more than balance her imports, leaving a certain surplus. With a rise in the level of world prices, even the present volume of her exports would produce a large surplus of foreign exchange, and a still larger surplus would be available if the volume is still further increased. Such surplus will be increased still further by smaller requirements of foreign exchange for the payment of reduced normal imports. In the course of a few years, therefore, Turkey should be able to make good her present shortage in foreign exchange, and thus have sufficient available to pay for all present purchases of industrial plant and all other requirements.

The largest enterprise in the first five years' plan is the inauguration of an iron and steel industry. It is most satisfactory to register that British interests have been confided with the erection of the first installation, which is to be at Karaburk. It is a large contract, said to figure at £2,500,000 sterling, and has been negotiated with the co-operation of the Export Credits Guarantee Department.

It is to be financed outside the general clearing account, and to be paid for out of the proceeds of minerals and timber imported from Turkey; articles which hitherto have not been normally exported to the United Kingdom to any great extent.

In this connection it is to be noted that such a contract, and all similar ones which have been, or which have yet to be, placed, are in reality placed by the Turkish Government, and therefore have the credit of the State behind them. Turkey has hitherto honoured her payment engagements and without doubt she will continue to do so.

FINANCIAL FACILITIES.

BRITISH COLLABORATION.

The granting of concessions is not favoured, nor are they to be desired, but Turkey wishes to expedite as much as possible the carrying out of her large development plans. Financial facilities of a temporary nature to meet the situation would be welcome, and the United Kingdom is best in a position to render such assistance, and upon the most favourable terms, either by an industrial loan or through the Export Credits Guarantee Department.

The British Government has already shown that it favours the collaboration of British industry and finance in Turkey's industrialisation. And those who are prepared to take a long view will undoubtedly be able to secure a large share of the contracts that will shortly be negotiated, to the mutual benefit of both countries.

Relations between the two countries are excellent, and it is the desire of the two Governments to strengthen the ties of friendship and commerce which bind them together. What better means of strengthening commercial relations than by British interests giving their assistance and support to the realisation of Turkey's great programme of development and renovation!

ISTANBUL: QUEEN OF CITIES.

Specially contributed to "The Financial Times" by MUNHIDDIN USTUNDAG, Governor of Istanbul.

ISTANBUL is one of those rare cities which have, from time immemorial, succeeded in retaining a powerful hold on the imagination and interest of the human race. Nor has this interest waned with the passing of the centuries.

The name of the city is in itself a source of endless fascination. Few, indeed, are those who, having heard of it, have been able to suppress a desire to visit this glamorous metropolis.

What, we may ask, are the factors which tend to make of Istanbul so important a centre? In attempting to answer this question we may leave all poetical considerations aside and seek the solution in the multiple attractions which draw the traveller to this spot.

UNIQUE FEATURES.

Natural Charms.

There is the climate of Istanbul, which in itself is unique, its geographical situation is unparalleled and the dazzling beauty of the Marmora and the Bosphorus is unrivalled throughout the world. Added to the natural charms of the city, we have the countless monuments which, rising side by side or even superimposed are the last remnants of former civilisations now long dead.

An ancient city, indeed, is Istanbul. Ten centuries before the Christian era, we read that a colony of fishermen, belonging to a tribe of which little is known to-day, settled on that precise spot where the Seraglio, with its turrets and kiosks, now rises, and named it Lygos.

Four centuries later, or approximately in the year 660 B.C., a Greek tribe known as the Megarians left their native land in search of more productive soil and, under the leadership of their chief, Byzas, discovered and captured Lygos, which they named Byzance after their leader.

In the second century of the present era the city was taken by the Roman Emperor, Septimus Severus, razed to the ground, and then rebuilt. Part of the Hippodrome and an important section of the walls of what was once an amphitheatre, and which now serves as a support for the Old Seraglio, are the lasting work of this Emperor.

MOST BEAUTIFUL CITY.

Empire Capital.

In 330 A.D. the city was once more captured, this time by the Emperor Constantine, who transferred the capital of the Roman Empire to this spot and who set himself the task of creating what was to be the most beautiful city in the world. The Burnt Column, the enlarged Hippodrome, the cistern of Philoxenius, or the Thousand and One Columns, as it is now called, the massive walls which stretch from the Seraglio Point along the shores of the Marmora as far as Eyemez, are the creations of Constantine.

Towards the end of the fourth century the Roman Empire had fallen apart and Constantinople, as the city was then known, became the capital of the Eastern Roman Empire. Perhaps the most important monument, the proud remnants of which it is our privilege to-day to behold, is the triumphal arch of unparalleled magnificence which was built by Theodosius the first Emperor of the Eastern Empire.

It was during this period that the violent struggle which was to result in the uprooting of paganism and the final establishment of Christianity took place. Infused with a new vitality, the ruling emperors in turn bequeathed Istanbul with a wealth of monuments; monuments which, after the capture of the city by the Turks, were jealously guarded and preserved for posterity, in spite of the sad example set by Crusader and Byzantine alike who, on various occasions, did not hesitate to sack and ravage this queen among cities. Foremost among these treasured monuments is the mosque of St. Sofia, now a museum of Byzantine art.

Surrounded by magnificent cathedrals, aqueducts, theatres, forums and palaces, literally floundering in wealth and comfort, the Byzantines lost, with the passing of the centuries, their early creative ability and their energy. Istanbul became the scene of vile intrigues, bloody riots, inhuman massacres, wild feasting and revolting orgies. Many a time was the city sacked and a large portion of its treasures ruthlessly destroyed.

But in spite of these acts of vandalism, 15 centuries of Roman, Byzantine and Latin rule have not failed to leave their mark on the city, with the result that to-day Istanbul has more than her share of ancient monuments. Traces of these dead civilisations are at hand on every side. Cisterns, aqueducts, columns, part of the Hippodrome, mosaic floors, palace foundations, churches, fortress walls, turrets and towers greet the eye at every turn, and constitute an enduring memorial of priceless value.

An end was put to the tottering Byzantine empire by Mehmed the Conqueror, Sultan of the Ottoman Turks, who captured Istanbul in the middle of the fifteenth century. The creative ability and the high artistic talent of the Turks were soon manifest. Lending an exotic touch to the skyline, mosques of unparalleled beauty came into being. Palaces, new aqueducts, public fountains, public baths, bazaars, inns, cemeteries, monasteries, museums were created one by one.

It was not long before Istanbul became a truly Turkish city. And a Turkish city it has remained until this very day. Nor is the value of these Turkish creations in any way inferior to the best of Byzantine art. Of special interest are the museums.

Our object is not to trace here an outline of the history of Istanbul, but to stress the wealth and the importance of the monuments which to-day are to be found in this eastern metropolis. It is not an exaggeration to maintain that, from the point of view of historical wealth, Istanbul outshines all other cities.

The very atmosphere is heavy with the echoes of the past. One cannot fail to derive the impression that 30 centuries of history are being repeated once more. The cheers of the robed multitudes still ring over the Hippodrome, cries of men and women wildly clamouring for bread and amusement are evident, groans of the dying, the throaty laugh of an emperor, the smile of beautiful women, the splendour of military parade, love, life, death, all the emotions of mankind, linger in the purple shadows which elusively cling to the stone walls built by the hands of men now long since dead and forgotten.

Such is Istanbul.

But Istanbul is not merely a museum containing relics of a glorious past. Far from it. Seventeen years ago the Turkish nation was as good as dead. The Ottoman empire was in a state of total decay.

It was then that Ataturk, appearing over the horizon like a new-born sun, rose and in rising brought new vigour, new life, new determination to a nation threatened with dissolution. He infused his indefatigable energy into his people and taught them how, in the space of a single generation, to uproot all that was rotten, backward, demoralising; taught them, too, how to found a new and vigorous nation on the ashes of the old.

The tourist visiting Istanbul will have the unique opportunity of witnessing, in person, a new civilisation in the making.

Rich in historical monuments and modern achievements, Istanbul also abounds in natural beauty. Nature has indeed been generous to this city. Gazing at the clouds, the sea, the hills, at the countless trees which dot the sunny shores, one is carried away by the wealth of mass and shade and colour everywhere so evident.

AUTHENTIC BEAUTY.

Lovely Environs.

Words fail to describe the dreamy loveliness of the Bosphorus, and the elusive shades ranging from green to the clearest blue which linger on its surface defy portrayal. The exotic beauty of a moonlit night along its shores can never be forgotten.

The flaming sunsets are unique, but add to these blazing glories of orange and crimson the strange, mystic silhouette of Istanbul, with its many minarets and its purple shadows, and you have a picture which will remain for ever.

And then, additionally, there are the Seraglio Point and Uskudar and the Golden Horn. From the heights of Chamlidja the city lies like a carpet at one's feet. There is Yildiz and also Moda with its smiling bay and many sailing boats. The Prince Islands, pine-clad and surrounded by a sea of infinite blue, would be an asset to any town. An afternoon spent on one of the many beaches, but particularly on the magnificent beach of Florya, exposed to the rays of a golden sun and to the soft summer breezes, is in itself a treat worth coming all the way to Istanbul to enjoy.

EUROPE AND ASIA.

East-West Junction.

But there is still another surprise in store for the visiting tourist: Istanbul is built at the junction of two continents. It is the gateway to the East and also to the West. Standing on the shores of the Bosphorus it is startling to behold, at one glance, both Europe and Asia. It is also fascinating to flit back and forth across the narrow strip of water and to find oneself in Asia and then, five minutes later, in Europe.

In this modern age, which has reduced time and space to a minimum, a trip to Istanbul can present no difficulties. And such a trip is well worth your while. The city is crowded with monuments, every one of which is a living encyclopedia of past events. What history book can hope to compete with these eloquent treasures? And besides, books and words are strangely inadequate at times.

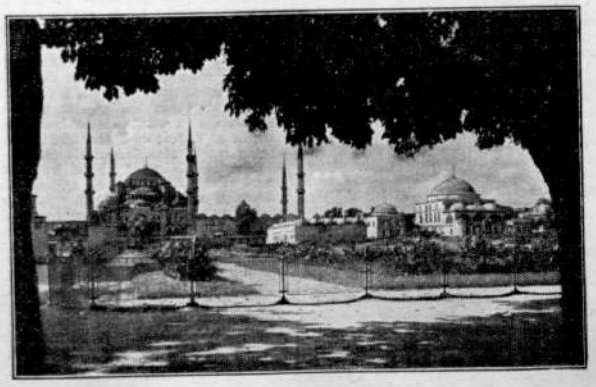
One must visit Istanbul in order to appreciate its magnificence, its grandeur, its glorious past, its present bustling activity, its sunny climate, its lovely surroundings and the splendour of its moonlit nights.

Very beautiful, indeed, is Istanbul, and you may rest assured that full measures have been taken to guarantee your comfort. One by one the disadvantages of the past have been removed. To be frank, the streets still remain a relic of the past regime and, judged by modern standards, are no doubt defective, but they, too, are being rebuilt and modernised. In the literature of the world, Istanbul is known as the "Queen of all Cities."

The enlightened regime of Ataturk will preserve this title for all time.

Muh. Üstündag

SILHOUETTE OF ISTANBUL, WITH THE LEANDRE TOWER IN THE FOREGROUND.



THE MOSQUE OF SULTAN AHMED, ISTANBUL.

ANKARA: A MODERN WORK OF CONSTRUCTION.

Specially contributed to "The Financial Times" by NEVZAD TANDOGAN, Governor of Ankara.

THE modern town and the prehistoric camps are nowhere so near one another as they are in New Ankara. Just where the city boundaries end begin the stretches of "Ahlatlibel," where the skeletons, works of art and ceramic industry of the prehistoric people, which were so far hidden underground, have been discovered.

The civilisations that have had a place in the historical cross-section of Ankara and the modern work of construction are exactly in line with one another in Ankara. Actually, Ankara is one of the oldest centres of mankind, populated ever since the prehistoric times.

"Alisarhöyük" is in the east of Ankara. This place was first inhabited by the people living in the cut-stone age. Relics pertaining to these first inhabitants were found in a depth of 26-28 metres from the present ground level. And on the heaps of earth that cover these first relics and the works of bronze and copper age inhabitants, live, in layers, the remains of all the civilisations that flourished in the plains of Ankara, beginning with the Hittites and lasting as late as the stages of the Ottoman Turks. The two Hittite periods, Cilicians, Medians, Persians, the period of Alexander the Great, the period of the Ancient Greeks, Galatians and the Seldjuk Turks live side by side in the plains of Ankara, under this cover of earth.

PAST AND PRESENT LINK.

TURKS' HISTORICAL RIGHT.

While Ankara is one of the oldest inhabited points in the world, the citizen of Ankara, too, is an example of an autochtone citizen whose historical precedency is oldest and deepest in the land he lives; because the present day Anatolian Turk and the range of races that we find in the historical background of Ankara constitute an altogether homogeneous chain of races. This chain of races, which, after passing through the Galatian, Phrygian and Hittite worlds, stretches as far down as to the "Ahlatlibel" camp where the skeletons of the first citizens of Ankara were found, has taken, as an origin, the same geographic source whence comes the Anatolian Turks of to-day.

Therefore, while every race could, to a certain extent, be considered an immigrant, even in his own home, the Turks are the natives of the city of Ankara ever since the prehistoric times.

In short, in spite of the regular changes of political colours and religions in the plains of Ankara, the people who have been the real owners of this land ever since the prehistoric times have, to-day, set on a new work of construction in his homeland, and they have, as their aim, the application of all the discoveries, experiences and the triumphs of mankind all over the world in this new job of construction.

MOMENTOUS DECISION.

NATIONALISTIC REASON.

That is the great problem of the new Ankara. It is evident, therefore, that Ankara is not a State capital that has been chosen by chance in Asia Minor, but a symbol of autochtonism and of deep attachment to the homeland. The ideal of finding the most historical point right in the middle of our land and making it the capital of a new State has always lived fresh in the mind of our leader, who has given us this new State.

New Ankara is, therefore, the realised plan of great movement and execution, the main lines of which had all been formulated much before its realisation in the mind of our chief and leader.

But a great number of foreigners could not grasp the meaning in Atatürk's decision to leave Istanbul and the magnificent sea coasts of Asia Minor and to retire into inner parts of Anatolia, and attributed this choice to reasons pertaining purely to national defence. But the secret that lies behind this decision and choice bears an importance which explains and clarifies not only the military but also a great many political, social and cultural principles of the problem of New Turkey.

This decision is a revolution in itself, of turning a whole nation's eyes and her future hopes on herself, and particularly on the heart of the country. There lies in this decision also a vast and directing character, such as bringing the Turkish nation nearer to her own resources, teaching her to know better her origin, her history and her mother tongue, and making her mistress of her own existence.

There was no Athens or Rome when Ankara existed. And perhaps there were nothing more at the time in the regions of the Alps than mere "lake houses." And beyond the Alps there was no such thing as a "dwelling." So we can easily call Ankara the most ancient city in the peninsula of Anatolia and older than any in Europe.

But while miracles of construction that human mind could not even conceive in fables were being created beyond the Alps, Ankara was becoming a hard heap of earth. When it was proclaimed as the capital of the Turkish Republic, Ankara was the gloomiest and the most ruined city in the Anatolian peninsula. That is why everything in Ankara had to be built anew.

To make a new foundation and to build anew, and during this process to take especial care not only to escape dependence on nature but to work on it also anew and to subject it to human will power—that is the real essence in the work of construction in Ankara. From this standpoint the new Ankara is a new waking up of the nature of steadiness and settlement on one part, and of building up on the other, features latent in our nation. That is why the new Ankara is being built in the form of a miracle of modern mentality and technique.

The plans of the new Ankara were first made in Çankaya, the highest point of observation in this 4,000 year old city. Atatürk's residence is on top of the Çankaya hill, which has a commanding survey over the plains of Ankara. Çankaya is the best point from which one is able to survey the silhouette of the modern city which spreads before the old Citadel of Ankara; a monument that bears the memories of all the foregone Anatolian nations.

The transformation of Ankara as the State capital began on 27th December, 1921, the day on which Atatürk first set his foot into the city. Ever since that date Ankara has become the heart of Turkey, and Çankaya the heart of Ankara. And since that date we have seen the wise and decisively characteristic seal of Çankaya, or better to say of Atatürk himself, in every development in Turkey.

Therefore, everything in new Ankara has been planned in compliance with his views and ranged according to the measures he sees fit.

Besides being the leader, the greatest soldier, the highest man of learning and the most competent teacher of the whole nation, Atatürk is also the greatest architect of the new Ankara.

During the days of the War of Independence, foreigners thought of Ankara only as a passing and temporary stage for the Nationalist leaders. And even to the Turkish people at large, Istanbul seemed to be the ideal and eternal capital of the Turkish State. Therefore, Atatürk's decision to make Ankara the capital of Turkey seemed, at first, to be a most stunning sort of decision, even to the coldest-blooded among the revolutionists.

Not even the boldest and most competent men of science could see a possibility of building a modern shelter in Ankara. They all declared that the steppes of Ankara could not possibly raise a plant, that the valleys which have been left dry for centuries would suck all the water that is to be accumulated behind dams, and that, in short, Ankara would for ever be lacking in greens and flowers.

The only answer that Atatürk gave to all these misgivings was to plant the first seed into the ground of Gazi Model Farm (Gazi Orman Çiftliği), which was then an arid slope, and now a totally green patch of Ankara. To-day this farm stands in the entrance of the city as a symbol of success in a work of construction. There can be no more vivid an example to show how the tree, the concrete, the asphalt and the electricity could and did change the appearance of the Anatolian steppe.

Just as this green farm constitutes a pleasant entrance to the new city of Ankara, the decision to build a farm in the middle of the yellow steppe which had no shade of a tree constitutes the historical beginning of a struggle against nature and of the great work of construction in New Ankara. Atatürk is not only the greatest architect of the new Ankara, but also its greatest builder in practice.

The first directions regarding the technical plans of the new Ankara were given as soon as hostilities ceased. In accordance with these directions the execution of the first technical plan was started in 1927, and one could then see the new buildings appearing here and there.

One of the main characteristics of the plan of New Ankara was that it included both the old part of the city and also the stretches of land around the citadel and circling which the new city was to be built. We believe it has been made clear by the foregoing explanations why this old city takes her place within the framework of the new and modern city.

The first plan was just a beginning that contained nothing more than the main lines of the old city, and the new houses to be built outside the existing city boundaries for the installation of the new Government staff. After this beginning the State set upon the main great plan which contained the future structure of the city as a whole. The preparation of this last plan was completed in 1928, together with the co-operation of the foreign experts; and a vast movement of construction began in Ankara.

RUINED PROVINCIAL TOWN.

COMBATING MAL-CONDITIONS.

The Republic found Ankara as a ruined provincial town of 25,000 inhabitants. The swampy areas, attendant malaria and the lack of pure water were ruining the once prosperous city of Ankara. In 1927 the population had risen to 75,000. To-day Ankara has a population of 130,000, and our aim is to increase it to 300,000. Therefore Ankara has, from the very beginning, been calculated to contain that measure of population.

It has been found necessary, above all, to ameliorate the framework of nature in Ankara, which seemed to be very unfavourable at first glance. The scarcity of spring waters, the swampy grounds, which were continuous beds of malaria, the aridity of the city grounds, and last but not least, the altogether unsuitable and unhealthy housing system were subjects for immediate combat.

It is worth while to note that the provision of abundant and clean water constituted the most urgent need. Save for some most primitive wells, Ankara could then provide no more than 5 litres of water per person daily. To-day Ankara has been able to solve the problem of providing daily 100 litres of water per person. In the new Ankara dam alone to-day some 25,000,000 litres of water exist ready for use. In addition to this, waters running down the hillsides surrounding the city are being accumulated in special reservoirs and are being passed into the city after being filtrated in a number of stations.

Together with the problem of water went the drainage of the swampy grounds, the improvement of the soil, the construction of large streets and boulevards and the planting of trees.

Later was seen the rising of a new and green city, constructed in accordance with the latest principles of modern architecture.

CAPITAL OF TURKEY.

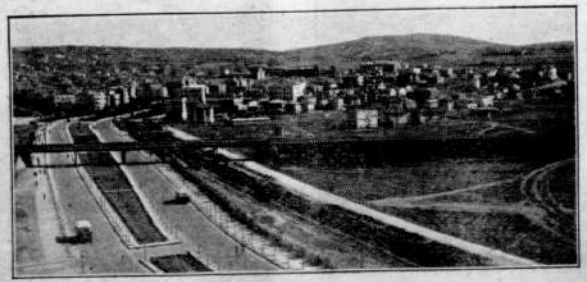
CITY'S GOOD FORTUNE.

All the administrative powers of the country have been concentrated in Ankara, and thus the Government quarters in Yenisehir (the New City) constitute a centre to that part of the city. New schools, hospitals, institutes, the edifices containing the social and cultural organisations and large fields of industry are all spread around this centre.

And this architectural structure is being completed by new parks, monuments, green alleys, public gardens and playgrounds, a city stadium, a hippodrome and an aerodrome. To-day the new construction in Ankara is being continued on an acreage 15 times as large as the old city. Ankara is rapidly enlarging as a healthy city, a city of sports and a centre of culture.

But the real good fortune of Ankara, the capital of Turkey and one of the noblest of the cities in history, is due to the fact that Atatürk, the greatest conductor of the Turkish movement of modernisation and evolution and the leader of our nation, lives there. Atatürk, the President of the Republic, is a citizen of Ankara and a deputy for Ankara to the Grand National Assembly.

In the work of creating the new Turkey and the modernisation of the nation there is not a single military, political, social and cultural movement which was not prepared by Atatürk himself. Therefore, the name of Atatürk and Ankara will always remain inseparable. And this is the greatest of Ankara's good fortunes, ranking highest among all its historical memories.



BOULEVARD ATATURK, ANKARA.

SUCCESS OF THE INTERNATIONAL IZMIR FAIR.

Specially contributed to "The Financial Times" by Dr. BEHCET UZ, Mayor of Izmir (Smyrna).

ON 17th February, 1923—that is, five months before the recognition of the integral independence of new Turkey at Lausanne—the President of the Turkish Republic had inaugurated, with a speech of universal interest, the first national congress of economy, held at Izmir.

At a time when the nations were busy reorganising their forces, which were diminished on account of the war, and when Turkey found herself obliged to drift into a new war in order to defend her existence and independence, the speech delivered by the victorious Chief appointed a new goal to the nation:—

"The arm using a sword can get tired, and a time is bound to come when the sword has to be put again into its sheath. But the arm which uses a plough never gets tired; in fact, on the contrary, it acquires an ever-increasing strength. Political and military victories may be very great, yet they can become ineffective and even reduced to nought if they are not accompanied by economical successes as well."

Thirteen years have now passed since the Turkish sword was put in its sheath, and during these 13 years the Turkish nation, under the incomparable leadership of Atatürk, worked steadily and conscientiously in order to attain the new goal—the economical one.

INADEQUATE SYSTEM.

Its Transformation.

The Republican Government who had inherited a weak and ill-developed economical organisation from the Ottoman Empire knew how to transform this inadequate system into a well-organised and efficiently working labour frame which helped them to acquire something new every year.

Atatürk has undoubtedly given a lively inspiration to the economical aspect of Turkish life. As a matter of fact, the speech he delivered at the First Economical Congress contributed, to a great extent, to the creation of the International Izmir Fair, which is one of the most valuable accomplishments of our country.

The main object of the fair is to display, both to the country and abroad, the economical and cultural achievements of Turkey, and also to make our people aware of the beautiful products of foreign markets.

The fair is being held in the most attractive and also the most historically interesting city of the Ægean Sea.

ATTRACTIVE OCCASIONS.

Convenient Market.

The Izmir Fair, which has taken an international character since 1923, takes a step forward every year, provides profits to the local participants and constitutes an attractive occasion of business and pleasure for the foreigners.

For all the countries who want to enter into commercial relations with the Near East and the Far East the fair, which is placed in the peaceful and reliable atmosphere of this country, offers the most convenient market place.

In order to get an appropriate idea of the products and manufactured goods of the Ægean region, and also to see effectively the universally known products of this region, such as grapes and raisins, figs, opium, tobacco and liquorice, we can safely say that visiting the fair is quite essential. The fair possesses also a great value from the viewpoint both of tourism and general culture, because Izmir and its environments, enjoying a wonderful climate and superiority of geographical position, and which therefore played an important historical and economic role in the past, have thus been the centres of various civilisations which have left behind innumerable ancient works of art and famous ruins.

As a matter of fact, beginning with the Hittites (Etis), who formed a federal empire some 25 or 30 centuries B.C., the Eolians, together with the Akas, the Romans, the Byzantines, the Seldjuk Turks, one after another becoming settled in these regions, created many civilisations. The remains of these splendid civilisations, which cover some 50 centuries, are to be seen to-day in the region of Navluhan (the place where Izmir was originally founded), in the Izmir Museum, on the excavation grounds, on the Pagus mountain, in the environments of Priene, in Miletus, Tralles, Nize, Didyme, Ephesus, Hierapolis, Laodicea, Colossus, Pergamos and in the ruins of Sardis.

"Navluhan" is the original name of Izmir. Izmir was first founded by

Tantalis, one of the Phrygian kings of the Hittite Empire 15 centuries B.C., and it was situated between Bayrakli and the bridge which we call to-day "Kemer Köprü". The tomb of Tantalis has been discovered at Navluhan.

In the Izmir Museum we can actually see very precious works of art which are identified as being Greek, Roman, Byzantine and Seldjuk and dating as far back as the beginning of the sixth century B.C.

The Ionian "agora" (public place or square in the Greek city) was discovered during the Izmir excavations which had begun in the cemetery of Kocabahçe at Namazgâh in 1932. The most important characteristic about this agora is that it is composed of three floors, one of them being underground. All the other agoras found were composed of one or two visible floors. The two upper floors of the Ionian agora were crumbled down, while the last was well preserved.

In the interior part of the town are the famous Diana baths, aqueducts built on the "Kemer" bridge and belonging to the Roman period, and also many mosques, fountains and "hans" (some sort of ancient hotels special to the Orient) which were built by the Seldjuk Turks. Here we must mention once more the ruins which are to be found in the environments of Izmir and which — as everyone knows — attract the admiration of all tourists and archæologists.

All tourists and participants of the Fair do not miss the opportunity of enjoying both the natural and artistic beauties of the region. Izmir, which is the most important Turkish city on the Mediterranean coast, is one of those cities where the cost of living is very reasonable.

Another interesting point about the International Izmir Fair is the ground which it covers. This year the fair was held in the "Culture Park," which extends over an area of 360,000 square metres.

This park constitutes an ideal place of amusement and recreation for Turkish youth, and it is at the centre of the city which had been burnt and destroyed during the War of Independence. In the park there are two beautiful museums, one illustrating the accomplishments of the Reform movement of our country and the other being devoted to social hygiene and showing also the Ægean products. Extant, also, in this park are two zoological gardens, an aquarium, an out-of-door theatre, many playgrounds for children, several tennis courts, stadiums, a beautiful swimming-pool, a shooting-ground and different installations for various sports, including a parachute tower. It is thus useless to remark that all these organisations tend to make the Fair quite lively and unusually interesting.

The Turkish Government attributes a great importance to the Fair, which is more successful each successive year.

OFFICIAL INAUGURATION.

Premier's Desire.

The sixth International Fair was officially opened by our Premier, who, in the presence of other Turkish Ministers, including Celal Bayar (Economy), Şükru Saraçoğlu (Justice), Refik Saydam (Hygiene) and Fuad Agrali (Finance), delivered a very interesting speech, from which we quote a few words:—

"We all hope that the International Izmir Fair will achieve a real international importance and also that it will become a national meeting-place. In order that the Fair may serve to make our country well known, it is necessary for our 'vilayets' (departments)—including the vilayet of Izmir—to work better and more efficiently. Therefore, as I am here talking to you as a responsible member of the Government, I think that my presence here means that we promise one another to work better in the coming years."

Here we have also to mention that, directly after the Premier, it is to our Minister Celal Bayar (Economy) that we owe the continued increasing successes of the Fair.

The Fair was designed at first to last for 22 days. The following figures show the number of people visiting and countries and firms participating:—

361,527 visitors (including foreigners); 423 private firms (of the country); 52 Government institutions, national institutions and "vilayets"; 93 foreign firms; and three foreign countries.

The various entertainments which are to be enjoyed at the Fair have been reorganised this year. For this reason the novelties which deserve mentioning here are Hungarian music, a radio service, a Czech circus, the Istanbul operetta and various amusements and games both for children and adults.

TRAVELLING FACILITIES.

This Year's Fair.

At the occasion of the Fair a general reduction (reduction attaining sometimes a proportion of 80 per cent.) was accepted by the State Navigation Company and also by the State Railway Company. In order to encourage participations from abroad, various other facilities have been shown concerning exchange and tax regulations.

The interest awakened by the Fair was so general and so real that both the visitors and the participants found that the appointed exhibition period (22 days) was too short, and they asked for a prolongation which was subsequently accorded, so that the closing date, which was destined to be the 20th of August, was postponed until the 20th of September.

The 7th International Fair will be opened on 20th August, 1937. No effort is being spared in order to make it both as instructive and as attractive as possible.

We thus hope that this next Fair will not only be a useful and interesting means of international intercourse in the fields of commerce and finance, but will also provide a good opportunity for foreign countries to establish more friendly and more efficient relations with the Turkish Republic.

RUINS AT BERGAMA.

VIEW OVER IZMIR (SMYRNA), LOOKING TOWARDS THE SEA.

IMPORTANT STATUS AND WORK OF THE TURKISH WOMAN IN THE REPUBLIC—I.

FEMININE GOAL OF "EQUAL RIGHTS AND EQUAL DUTIES BEFORE THE LAW" AS SIGNIFICANT FACTOR IN NATION'S SOLIDARITY.

By Professor AFET, Vice-President of the Turkish Historical Society.

WE started towards the north from a locality called Mamak, to the east of Ankara. The place we wanted to reach was, according to the map in my hands, the village of Petchenek, a name reminiscent of ancient fame. Does not the name Petchenek and the fear it inspired, figure persistently in the pages of Byzantine history?

History bears witness to the raids of the Petchenek people from Middle Asia to as far as the banks of the Danube and of their military and heroic lives in the interior of Asia Minor. The Petcheneks, branching off the main stock of Oguz Turks in Middle Asia, kept their reputation alive for centuries along the banks of the Danube at the boundaries of the Byzantine Empire and were represented even in the armies of the latter.

During the eleventh century, strangely enough, two groups of Oguz Turks that had separated from the original stock at different times and had followed two distinct lines of emigration, clashed against each other on the battlefields. In fact, the Seljuks, another branch of the Oguz Turks, had conquered Persia, and their armies were marching to the borders of the Byzantine Empire from the south of the Caspian Sea.

NATIVES OF ASIA MINOR.

Modern Connection.

They won a decisive victory in 1071 at Malazgirt. The Byzantine Emperor knelt down, as prisoner of war, before the Turkish Commander, Alp Arslan. This date is the beginning of the invasion of Asia Minor by the Mohammedan Turks; but it is necessary to bear in mind that the Turks have been from immemorial times the natives of Asia Minor as well as its masters. The last-mentioned raid of the Seljukian Turks was nothing other than the continuation of the preceding Turkish invasions. The presence of the Petcheneks substantiates this. They had come to Asia Minor from the north, and, not being as numerous as the Seljuks, they had been unable to establish an extensive State as the others have. But they had settled there, nevertheless, and preserved their names through centuries.

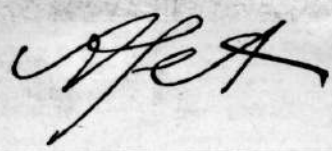
Their cultural vestiges are so renowned as to be well known in Central Europe. The golden utensils and inscriptions which are to-day in the Viennese Museum, and which are called the Attila Treasure, are masterpieces created by the Petcheneks. The descendants of our Turkish Petchenek ancestors are still living in Asia Minor.

ON THE BENCH: ONE OF THE WOMEN JUDGES UNDER THE TURKISH REPUBLIC.

This mental trip to the depths of ancient history was accompanied by the jolts of our car. Now our road diverges. Which road leads to the village called Petchenek? This question is answered without any surprise by a shepherd and also by a peasant who was returning to his own village.

The village of Petchenek appeared on a rocky slope. The children who were playing in front of a fountain at the confines of the village came to meet us. A little boy led us to the house of the head of the village. The latter had just returned home after finishing his official business with the collector of taxes. His wife, standing in the court of their house near a boiler in which condensed grape juice was boiling, welcomed us smilingly and said, "We are at work; please forgive the disorder."

We went up the stone stairs to the upper storey of the house. Wheat was spread on its large terraces. On the earthen couch of the room, destined for the guests, they spread the cushions which were heaped there in a corner. The ceiling, walls and floor of the room were plastered with earth painted white. The wife of the head of the village welcomed us to her home, saying, "We couldn't clean the house and arrange the furniture as it is the end of the summer. We are overburdened during vintage time. My daughter is in the vineyard and my daughter-in-law is pressing grapes downstairs. If you were to come some days later you would find us and our house quite clean."



WORK OF THE VILLAGE.

Clamour for Education.

In the guest room we were surrounded by children and young mothers who were holding their babies in their arms. The question that preoccupied most of the mothers and the great desire which they cherished was that there might be a school.

They were affirming continuously, "We want to educate our children."

A gay and communicative young mother exclaimed: "My husband finished his military service a short time ago. In the army he was taught how to read and write. I now must have my children educated, too."

"And how about yourself?" I asked.

She answered at once: "I am ready to start right now, if I can find a teacher."

Most of the children were blonde and well-built. Their eyes were gleaming with the desire to learn how to read and write.

We prepared to leave, since we wanted to visit the other houses of the village.

"Who is going to lead us?" I asked.

The wife of the head of the village pointed to her husband and said: "He is not busy now. Let him take you there."

As we were leaving the head of the village asked: "What dishes would you like for dinner? They will prepare them while we are looking around."

And then, addressing his wife, he gave the necessary instructions. To my reply, "Please don't bother, we shall not need dinner," they all seemed to be offended.

Generosity is the everlasting old custom of the Turkish peasant; to offer everything he has to his guest. Hospitality is the dominant characteristic of the Turk.

We started to walk within the village. In the court of every house reigned the same activity of boiling the condensed grape juice. All the women were at work. They welcomed us gaily and smilingly.

As I went into the houses my attention was drawn by the fact that each of them had an architectural style of its own. I was told that these different styles, which could serve as models for architects, were the result of the co-operation of the men and women in the work. Each family prepared the plan of its own house according to its needs, and then its members executed the plan and constructed the house. The yearly whitewashing was exclusively performed by the women.

We arrived at the harvest-place. Two families that owned the wheat crop in common were working at it. The husband of the first family was co-operating with the wife of the second. The children of both were helping them. I approached the woman on the threshing board. While she was driving the oxen with one hand, she was holding her baby on her other arm, suckling him and trying to put him to sleep.

ILLUSTRIOUS EXAMPLE.

Peasant Woman.

The scene I was witnessing was the most illustrious example of the diligence and the devotion of women. The Turkish woman is not only diligent at the present time, but she has always been so from time immemorial. The life of the Turkish peasant woman is adapted to the most normal conditions of human society. If her diligent work should fail, this loss could never be replaced. When gaiety is added to her natural intelligence, one cannot enjoy sufficiently her conversation.

She is of a beautiful type. She only covers her head in order to protect it from the sun. The Turkish peasant woman never veiled her face, not even in the days of the Ottoman Empire, as the women of the cities used to do then. In the olden days Europe wanted to consider the Turkish women as typified by those living within the sphere of the spoilt and unsound social conditions of the Turkish cities, and wrong ideas about Turkish women were derived from a knowledge of the life of that type of woman only.

Undoubtedly, one of the main errors of the Ottoman Empire was to banish the Turkish woman, especially in the cities, from the social life. During the life of that Empire the men took advantage of religion and fanaticism to dominate the women thoughtlessly. But this state of affairs did not affect the peasants of Asia Minor, who have always lived according to their time-honoured habits.

The greatest inspiration of the Republican régime to the Turkish peasants is the love of education. Once I was speaking to a gathering of women in one of the villages I was visiting. Every mother there had at least five or six children. Those who were of school age were being taught by a teacher, who was in charge of the schools of several villages, going from one to the other at intervals.

The mothers told me that they too used to receive lessons from the same teacher after he had finished teaching their children. They showed me their own copies of the alphabets and copy-books.

One of them imparted to me a serious complaint. "My neighbour is ahead of me in reading, because she has fewer children than I, and, consequently, has more time to study. As my children are very young, I am obliged to take greater care of them and this prevents me from studying. But I, too, want to learn at least how to read."

And then she added: "If I don't succeed in doing so before the teacher is gone, I shall learn it from my child."

MILITARY SERVICE.

Feminine Demands.

In another village I met a woman whose son had recently married. In the presence of her daughter-in-law she said: "My boy married before he had performed his military service."

Whereupon I asked: "And when is your daughter-in-law going to perform her military services?"

She answered without any surprise: "Whenever they call her for it."

The Turkish women in the past have performed military duties, as well as all other duties, whenever this was necessary, and they will do so again.

We Turks are the children of the land of Amazons. The story of the Amazons is perhaps a myth, since a human society without men cannot be conceived as one having natural life and history. But in every myth some historical truth is hidden. Our ancestors who lived in Asia Minor since the most remote times had in all branches of activity perfect co-operation between men and women, based on equality.

In the Hittite Empire the Hittites were the so-called Eti Turks—women were equal to men in rights and duties. Hittite history mentions women not only as soldiers but also as commanders. If, in a country where such ancestors lived, the warlike qualities of women gave rise to the myth of the Amazons, there should be no cause for surprise. Besides, is not the source of the mythology and the fine arts of the Greek civilisation located in Asia Minor?

WOMEN PARACHUTISTS MARCHING AT THE PARADE IN OCTOBER, 1936.

Continued on Page Forty-Eight.

IMPORTANT STATUS AND WORK OF THE TURKISH WOMAN IN THE REPUBLIC—II.

Continued from Page Forty-Seven.

Mythology places the origin of "Ares," father of the Amazons, in Thrace. This assertion reveals well the path of our Turkish immigration. Did the Petchenek Turks also not come to Asia Minor, passing through Thrace?

Nevertheless, what we rely on is not these myths but valid historical documents.

The name "Amazon" denotes for us that the path of Turkish immigration extended as far as America. Also the same name has left with us, as souvenirs, the most beautiful pieces of art. When our daughters see to-day in our museums their women ancestors on horseback, carved in stone, how can they help but feel a legitimate inclination for military service?

In their classes on so-called civic knowledge all school children learn to-day the duty of rendering military service.

Whenever I meet my girl students their question is, "When shall we be soldiers lawfully?"

Some years ago they used to ask a similar question concerning their political rights. At that time the subject of their inquiry was twofold. Now only one question is left: military service.

Our most recent history is that of the War of Independence. The brains that gave us back our country is the genius of Mustafa Kemal.

That genius had helpers, little and great, and, in turn, their brains and arms fulfilled the duties that were trusted to them by the great leader. The Turkish nation has perpetuated the memory of the pioneers of her resurrection by erecting monuments, and will continue to do so.

COUNTRY'S DEFENDERS.

In Time of War.

When we reach Ankara, following the avenue from the railway station, we see a large equestrian statue of Mustafa Kemal, as commander-in-chief. One of the three minor statues surrounding the monument shows a Turkish woman carrying a gun shell on her shoulder. The statue-woman is a perfect historical document. The Turkish women represented by the statue have, in fact, carried arms and ammunition to their husbands who had gone to the front as soldiers. They have defended their villages with arms in hand. To defend and save the country is a duty which is incumbent on women as well as on men. One can be worthy of being a Turk and claim the right of living in the fatherland only when one puts forth all one's effort to protect the country and to raise the standard of the nation.

In recent history, as well as in ancient historical times, it has been the duty, and the destiny, of the Turkish woman to perform soldiers' duties, which are by no means incompatible with her nature. Undoubtedly it will not be long now before this duty is legalised. The Turkish women are expecting it impatiently from the Grand National Assembly.

Women have proved on many occasions their valour on land; but at the present time we are witnessing them risking their lives in the air as well.

The sea is not unknown to women either. In the stories of corsairs of every nation, women, too, have a place of their own. In the eighteenth century England had women corsairs such as Mary Read and Anne Bonney. What exemplary deeds of courage are involved in their adventures.

Here is a story concerning one of the seafaring women who originated in our country. She was Artemise I, Queen of Halikarnas, who had become allied to Xerxes, King of Persia, to fight against the Greeks.

During the naval battle of Salamine, one of the two allied monarchs, the King, had his throne placed on a high hill along the coast, and was comfortably watching the battle far from every danger. Meanwhile, Artemise I, at the head of her fleet, was proving, with great courage, her ability as a commander. The Greeks, seeing this rugged resistance, were trying to gather all their available forces around the ship in which was Artemise. But she directed her own fleet successfully. The issue of the battle of Salamine is known. Artemise returned home.

At the present time, women cannot be prevented from working in various activities connected with sea transportation. A number of my girl students already want to become captains and astronomers.

PEASANTS AND STUDENTS.

Revival of History.

There are two scenes that remind me most of the history of the Turks. They are the sight of peasants, in their villages, where one can speak to them while they are working; and students in schools.

Peasants are the living guardians of history, the diligent working elements of to-day, the guards of the future and the primary factors in the development of the nation.

Atatürk has said: "The peasants are our masters."

Once I visited a village called Kibris, some 40 kilometres to the east of Ankara. I asked the peasants who were gathered in the public square of the village, "Since when has this place been called Kibris?"

The eldest among them raised his head and answered, "Since the days of our Atay ancestors the name of our village has been Kibris; it was founded as such."

"Did you hear anything from your grandfathers as to the place from whence you came?" I asked.

The old peasant gathered himself together and, standing up, stamped the ground with his foot and said, "Lady, we have always been here."

We were descending to the river, passing the houses of Kibris, which were situated on a slope.

Leading us was Keziban Kadin, a young woman with green eyes, red cheeks, and possessing a figure and an air of elegance like those of the statues of Tanagra. When entering the village it was her house we had visited first, finding her busily sewing. She had obtained permission from her mother-in-law and was coming now with us. We visited several other houses in her company. In every one of them dinner was being prepared. We went up into the houses, using wooden staircases on the exterior.

How gaudily the gleams of the evening sun was striking these joyous homes! From the flower pots on the window sills a sweet fragrance of flowers was being exhaled. Every family, thinking that we wanted to remain overnight in the village, was offering us its hospitality. At our reply that we had to go back they expressed their regret and astonishment by saying, "You must not come here for such a short time. Remain with us a couple of days."

When we were returning from the river we saw a woman on the road. She came to meet us chanting verses from afar.

With her versified words she wanted to tell us that she had seen us coming, that we were welcome and that we had brought happiness to their village.

Another woman who was with her said, "She is a natural poet."

Ayshe Kadin, the woman poet, added, "When I saw you I became enthusiastic. I always talk like that."

I asked her to repeat what she had said.

This time she expressed the same sentiments in different verses.

How beautiful was living within those unblemished sentiments and natural fine arts!

Again on the road I was approached by an old woman who said, "A grandchild of mine has been born to-day. Give him a name."

"He brought you happiness, let his name be 'Happy,'" I replied. She was very pleased with it. Then we visited her home to see Happy in his bed.

After that, we began to climb up the slope in order to see the schoolhouse newly built on the highest point of the village. The setting sun was shedding all its brilliant colours on the white schoolhouse and on us.

One of the old women there sighed and said, "Our schoolmaster, Mr. Djemal, used to sit every evening right here on his chair."

Whereupon the others joined in: "It is thanks to his efforts that we acquired this schoolhouse. The peasants furnished its stones and mortar and the Government helped as regards money. We had, at last, a schoolhouse, with benches as well. Our schoolmaster was very good. How beautifully he used to teach our children! But we have heard that he is dead. What a great loss for us!"

The people around us who were saying this almost had tears in their eyes. They all began to request: "Lady, we have no new teacher yet. Please make them send us one without delay."

The children who had newly learned how to read were looking eagerly into my eyes.

In one of the classrooms, reading books and village journals were lying on a table.

We began to descend the hill in the company of a large group of peasants. The red evening sun was making the visages it coloured smile still more. A divine scene was being formed. The name Atatürk came up to the lips.

An old woman, her eyes fixed on the sun, raised her hands to the sky and said: "Atatürk, may you live very long! You taught us our months and days. May we repose in your shadow!"

The gesture became general. These words were echoed vividly by exclamations of "Amen." How natural sounds an evening prayer in a setting of liveliness and vitality!

We had a sorrowful departure from the village. They were calling after us: "It is not proper to go in the evening. Do remain here."

WIDESPREAD GENEROSITY.

Children's Heritage.

On our way back we stopped at a fountain for some light refreshments. A peasant on horseback was passing. I held out to him some of what we were eating and asked him where he was going.

"To Kibris," he said.

When I told him that we were returning from that village he was grieved and asked: "Have they not offered you anything there that you are eating this here?"

Is it possible not to bow before the noble generosity and the politeness of the Turk?

I have stated already that the students as well as the peasants have revived history.

What real human treasures take their places on school benches. It is in classrooms that Turkish history is being taught. What a burning desire for study Turkish children cherish, in order to be worthy of their ancestors.

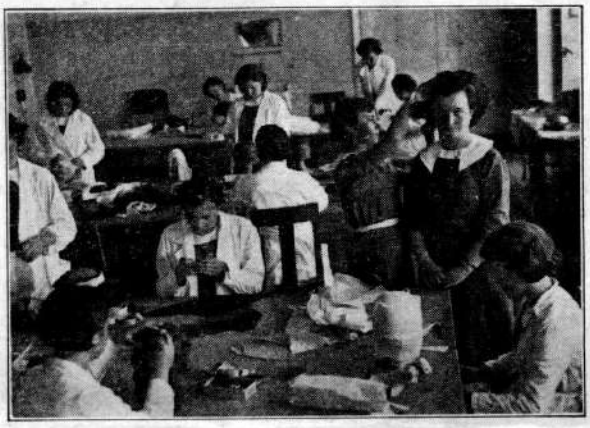
The Turkish child learns on those school benches that he is a member of civilised human society. It is there that he gets a flying start from his great past, living in to-day's realities and working hard for the future; and the future is being prepared by his own brains and arms.

Atatürk. In the Turkish Fatherland every head is illuminated by a halo of his love; and the sparkling gleams that he sheds in every domain of activity kindle blazing torches in every head.

This zeal for work and progress strengthens still more the unity existing between men and women.

Our goal in feminism is: Equal rights and equal duties before the law.

The Turkish woman performs in her village, without any exception, every kind of work that her husband does. In the cities every school and every career is open to her. She is already teacher, judge of the Court, aviator, official of the bank, agronomist, physician, chemist, professor, engineer, artist, influential member of the city assembly, deputy and, last but not least, a mother who gives birth to the saviours and the defenders of the Fatherland. She is an important being who works hard to serve the country.



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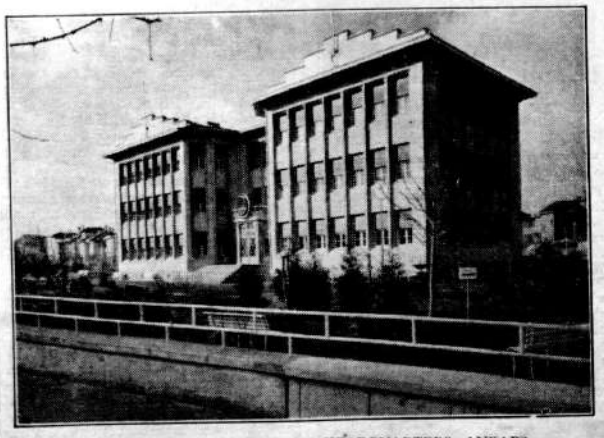

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